

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

SCHOOL DISTRICT OF THE CITY OF YORK, PENNSYLVANIA

YEAR ENDED JUNE 30, 2019

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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, 2019, 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, 2019, 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 2019 the School District adopted the provisions of Governmental Accounting Standards Board's Statement No. 83, "Certain Asset Retirement Obligations", and Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". Our opinion is not modified with respect to these matters.

## **Emphasis of Matter Regarding Subsequent Events**

As discussed in Note 20, 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. 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 65-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2020 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 Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
April 21, 2020

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

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, 2019. 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 \$3,801,984 or 6.6%. This change is detailed in the Statement of Activities included in the financial statements.
- The District decreased its outstanding bonds and loans payable by \$8,787,059 to a balance of \$76,360,528 as of June 30, 2019. 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 \$147,418,182 of revenue which was \$3,924,022 or 2.7% favorable as compared to budget and \$158,480,007 of expenditures which was (\$3,815,312) or (2.5%) unfavorable to the budget. Revenues exceeded expenditures by \$108,710 more than was budgeted with the unfavorable to budget expenditures funded by the favorable to budget revenues.
- The District's General Fund ended the year with a fund balance of \$17,614,600 which represents a decrease of (\$2,572,714) which is \$37,821 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, 2019**

- 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

The other governmental funds (debt service funds) are presented as aggregated information in the governmental funds financial statements.

- 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, 2019**

**Condensed Government-wide Financial Statements-**

**Condensed Statement of Net Position  
June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 13,408,221	\$ 1,607,540	\$ 15,015,761
Taxes receivable-net	5,139,834	-	5,139,834
Other current assets	15,986,788	426,570	16,413,358
Total current assets	34,534,843	2,034,110	36,568,953
Capital assets	127,867,806	267,101	128,134,907
Other non-current assets	2,456,829	-	2,456,829
Total assets	164,859,478	2,301,211	167,160,689
<b>Total Deferred Outflows of Resources</b>	<b>36,020,411</b>	<b>1,090,667</b>	<b>37,111,078</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	3,160,224	439,653	3,599,877
Current portion of long-term debt and loan/note	8,947,059	-	8,947,059
Accrued salaries, benefits and withholdings	10,491,553	16,589	10,508,142
Other current liabilities	1,008,847	15,522	1,024,369
Total current liabilities	23,607,683	471,764	24,079,447
Bonds and loan payable-net of current portion	67,413,469	-	67,413,469
Net pension liability	149,612,800	4,627,200	154,240,000
Other non-current liabilities	17,265,134	499,465	17,764,599
Total liabilities	257,899,086	5,598,429	263,497,515
<b>Total Deferred Inflows of Resources</b>	<b>4,144,105</b>	<b>128,168</b>	<b>4,272,273</b>
<b>Net Position:</b>			
Invested in capital assets-net of related debt	56,125,039	267,101	56,392,140
Restricted	2,100,809	163,610	2,264,419
Unrestricted	(119,389,150)	(2,765,430)	(122,154,580)
<b>Total Net Position</b>	<b>\$ (61,163,302)</b>	<b>\$ (2,334,719)</b>	<b>\$ (63,498,021)</b>

**Comments regarding the condensed June 30, 2019 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, 2019 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 2018-19 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, 2019 and related benefits and payroll taxes for the 2018-19 school year.



**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

- 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		Total
				Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>						
Instruction	\$102,057,086	\$ -	\$ 22,293,177	\$ (79,763,909)		\$ (79,763,909)
Instructional Student Support	11,828,058	-	3,664,929	(8,163,129)		(8,163,129)
Admin. & Financial Support Services	12,506,801	-	1,992,366	(10,514,435)		(10,514,435)
Operation & Maintenance of Facilities	17,248,863	-	1,570,506	(15,678,357)		(15,678,357)
Pupil Transportation	3,212,375	-	554,228	(2,658,147)		(2,658,147)
Student Activities	923,035	-	155,191	(767,844)		(767,844)
Community Services	375,861	-	256,742	(119,119)		(119,119)
Interest on Long-Term debt	3,001,938	-	2,284,540	(717,398)		(717,398)
<b>Total Governmental Activities</b>	<b>\$151,154,017</b>	<b>\$ -</b>	<b>\$ 32,771,679</b>	<b>(118,382,338)</b>		<b>(118,382,338)</b>
<b>Business-type activities:</b>						
Food Service	6,021,621	100,771	5,829,727		(91,123)	(91,123)
<b>Total Primary Government</b>	<b>\$157,175,638</b>	<b>\$100,771</b>	<b>\$ 38,601,406</b>	<b>(118,382,338)</b>	<b>(91,123)</b>	<b>(118,473,461)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net				30,791,186	-	30,791,186
Taxes levied - other				4,236,453	-	4,236,453
Grants, subsidies, & contributions not restricted				76,055,422	-	76,055,422
Investment Earnings				952,425	2,301	954,726
Miscellaneous Income				2,544,868	-	2,544,868
<b>Total general revenues, special items, extraordinary items and transfers</b>				<b>114,580,354</b>	<b>2,301</b>	<b>114,582,655</b>
<b>Change in Net Assets</b>				<b>(3,801,984)</b>	<b>(88,822)</b>	<b>(3,890,806)</b>
				Net Position—beginning	(57,361,318)	(59,607,215)
				<b>Net Position—ending</b>	<b>\$ (61,163,302)</b>	<b>\$ (63,498,021)</b>

**Statement of Activities**

- Governmental activities operating grants include various subsidies including \$6,227,412 of state funds for special education, \$4,969,783 of Federal Title I funds, \$524,102 of state subsidy to support student transportation, and \$16,877,874 as a state subsidy to reimburse the District for a portion of its required retirement and social security contributions.
- General revenues include \$30,941,671 of real estate taxes, \$3,650,295 of earned income taxes, and a Basic Education Funding subsidy from the State of \$66,263,317. The District also received \$2,902,878 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, 2019**

**The condensed Governmental Activities Statement of Net Position June 30, 2019 as compared to June 30, 2018 including the change in the elements of net position-**

	<b>Governmental Activities</b>		
	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>Inc. (Dec.) in Net Position</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 13,408,221	\$ 19,851,747	\$ (6,443,526)
Taxes receivable-net	5,139,834	4,225,535	914,299
Other current assets	15,986,788	14,061,479	1,925,309
Total current assets	<u>34,534,843</u>	<u>38,138,761</u>	<u>(3,603,918)</u>
Capital assets	127,867,806	129,924,734	(2,056,928)
Other non-current assets	2,456,829	5,426,086	(2,969,257)
Total assets	<u>164,859,478</u>	<u>173,489,581</u>	<u>(8,630,103)</u>
<b>Total Deferred Outflows of Resources</b>	<u>36,020,411</u>	<u>35,561,618</u>	<u>458,793</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	3,160,224	5,967,244	2,807,020
Current portion of long-term debt and loan/note	8,947,059	9,182,059	235,000
Accrued salaries, benefits and withholdings	10,491,553	9,312,884	(1,178,669)
Other current liabilities	1,008,847	865,307	(143,540)
Total current liabilities	<u>23,607,683</u>	<u>25,327,494</u>	<u>1,719,811</u>
Bonds and loan payable-net of current portion	67,413,469	75,965,528	8,552,059
Net pension liability	149,612,800	145,780,330	(3,832,470)
Other non-current liabilities	17,265,134	18,178,075	912,941
Total liabilities	<u>257,899,086</u>	<u>265,251,427</u>	<u>7,352,341</u>
<b>Total Deferred Inflows of Resources</b>	<u>4,144,105</u>	<u>1,161,090</u>	<u>(2,983,015)</u>
Change in net position			<u>\$ (3,801,984)</u>
<b>Net Position:</b>			
Invested in capital assets-net of related debt	56,125,039	52,275,142	3,849,897
Restricted & unrestricted	<u>(117,288,341)</u>	<u>(109,636,460)</u>	<u>(7,651,881)</u>
Total Net Position	<u>\$ (61,163,302)</u>	<u>\$ (57,361,318)</u>	<u>\$ (3,801,984)</u>
			-6.6%

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

- The cash, cash equivalents and investments decreased primarily as a result of expenditures for additions and improvements to District capital assets and increased debt service payments.

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, 2019**

**The condensed Business-type Activities Statement of Net Position June 30, 2019 as compared to June 30, 2018 including the change in the elements of net position-**

	<b>Business-Type Activities</b>		
	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>Inc. (Dec.) in Net Position</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 1,607,540	\$ 1,759,091	\$ (151,551)
Other current assets	426,570	358,418	68,152
Total current assets	<u>2,034,110</u>	<u>2,117,509</u>	<u>(83,399)</u>
Fixed assets-net	267,101	198,423	68,678
Total assets	<u>2,301,211</u>	<u>2,315,932</u>	<u>(14,721)</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,090,667</u>	<u>1,087,151</u>	<u>3,516</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	439,653	522,056	82,403
Accrued salaries and benefits	16,589	14,869	(1,720)
Other current liabilities	15,522	36,788	21,266
Total current liabilities	<u>471,764</u>	<u>573,713</u>	<u>101,949</u>
Other non-current liabilities	5,126,665	5,039,357	(87,308)
Total liabilities	<u>5,598,429</u>	<u>5,613,070</u>	<u>14,641</u>
<b>Total Deferred Inflows of Resources</b>	<u>128,168</u>	<u>35,910</u>	<u>(92,258)</u>
Change in net position			<u>\$ (88,822)</u>
<b>Net Position:</b>			
Invested in capital assets-net of related debt	267,101	198,423	68,678
Restricted & unrestricted	(2,601,820)	(2,444,320)	(157,500)
Total Net Position	<u>\$ (2,334,719)</u>	<u>\$ (2,245,897)</u>	<u>\$ (88,822)</u>
			-4.0%

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

- The cash, cash equivalents and investments decreased as a result of unfavorable results of operations resulting from increases employee benefit costs compared to the prior 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, 2019**

**A condensed Statement of Activities for the fiscal year ended June 30, 2019 as compared to the fiscal year ended June 30, 2018**

Functions/Programs	FY Ended 6/30/2019	FY Ended 6/30/2018	Favorable (Unfavorable) Change 2019
<b>Expenses</b>			
<b>Governmental activities:</b>			
Instruction	\$ 102,057,086	\$ 100,348,994	\$ (1,708,092)
Instructional Student Support	11,828,058	11,722,589	(105,469)
Admin. & Financial Support Services	12,506,801	11,999,791	(507,010)
Operation & Maintenance of Facilities	17,248,863	11,230,498	(6,018,365)
Pupil Transportation	3,212,375	2,497,299	(715,076)
Student Activities	923,035	842,974	(80,061)
Community Services	375,861	323,933	(51,928)
Interest on Long-Term debt	3,001,938	3,733,467	731,529
<b>Total Governmental Activities</b>	<u>151,154,017</u>	<u>142,699,545</u>	<u>(8,454,472)</u>
<b>Business-type activities:</b>			
Food Service	6,021,621	5,628,903	(392,718)
<b>Total Expense</b>	<u>157,175,638</u>	<u>148,328,448</u>	<u>(8,847,190)</u>
<b>Program Revenues &amp; Charges for Services</b>			
<b>Governmental activities:</b>			
Instruction	22,293,177	20,009,704	2,283,473
Instructional Student Support	3,664,929	2,893,715	771,214
Admin. & Financial Support Services	1,992,366	1,660,412	331,954
Operation & Maintenance of Facilities	1,570,506	1,258,342	312,164
Pupil Transportation	554,228	391,159	163,069
Student Activities	155,191	115,792	39,399
Community Services	256,742	314,517	(57,775)
Interest on Long-Term debt	2,284,540	2,257,616	26,924
<b>Total Governmental Activities</b>	<u>32,771,679</u>	<u>28,901,257</u>	<u>3,870,422</u>
<b>Business-type activities:</b>			
Food Service	5,930,498	5,340,903	589,595
<b>Total Program Revenues &amp; Charges for Services</b>	<u>38,702,177</u>	<u>34,242,160</u>	<u>4,460,017</u>
<b>General revenues:</b>			
<b>Taxes:</b>			
Property taxes, levied for general purposes, net	30,791,186	30,224,016	567,170
Taxes levied-other	4,236,453	3,817,875	418,578
Grants, subsidies, & contributions not restricted	76,055,422	74,182,640	1,872,782
Investment Earnings-governmental activities	952,425	718,759	233,666
Investment earnings-business-type activities	2,301	1,338	963
Miscellaneous Income	2,544,868	3,055,131	(510,263)
<b>Total General Revenues</b>	<u>114,582,655</u>	<u>111,999,759</u>	<u>2,582,896</u>
<b>Change in Net Position</b>	<u>\$ (3,890,806)</u>	<u>\$ (2,086,529)</u>	<u>\$ (1,804,277)</u>

- Instructional expenses increased in the current fiscal year primarily because of the additional staffing and programs implemented as part of the recovery plan.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

**Statement of Net Position-Governmental Funds**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 13,408,221	\$ -	\$ 13,408,221
Taxes receivable-net	5,139,834	-	5,139,834
Due from other funds	24,236	-	24,236
Due from other governments	12,179,972	-	12,179,972
Other receivables	1,024,496	-	1,024,496
Inventories	52,102	-	52,102
Prepaid expenses	2,705,982	-	2,705,982
Restricted assets-			
Cash, cash equivalents and investments	-	2,213,959	2,213,959
<b>Total Assets</b>	<u>\$ 34,534,843</u>	<u>\$ 2,213,959</u>	<u>\$ 36,748,802</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 3,047,074	\$ 113,150	\$ 3,160,224
Accrued salaries and benefits	5,389,736	-	5,389,736
Payroll deductions and withholdings	5,101,817	-	5,101,817
Deferred revenues	299,399	-	299,399
<b>Total liabilities</b>	<u>13,838,026</u>	<u>113,150</u>	<u>13,951,176</u>
<b>Deferred Outflows of Resources:</b>			
Unavailable tax revenues- property taxes	3,082,217	-	3,082,217
<b>Total Deferred Outflows of Resources</b>	<u>3,082,217</u>	<u>-</u>	<u>3,082,217</u>
<b>Fund Balances:</b>			
Nonspendable	2,758,084	-	2,758,084
Restricted	-	2,100,809	2,100,809
Unassigned	14,856,516	-	14,856,516
<b>Total fund balances</b>	<u>17,614,600</u>	<u>2,100,809</u>	<u>19,715,409</u>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<u>\$ 34,534,843</u>	<u>\$ 2,213,959</u>	<u>\$ 36,748,802</u>

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

**The General Fund Budget vs Actual for the June 30, 2019 Fiscal Year**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Real Estate Taxes	\$ 30,297,331	\$ 30,471,331	\$ 30,941,671	\$ 470,340
Other Taxes	3,149,000	2,975,000	4,236,453	1,261,453
Investment Income	650,000	650,000	871,289	221,289
Other Revenue	689,900	689,900	591,826	(98,074)
Total Local Revenues	34,786,231	34,786,231	36,641,239	1,855,008
State Sources	95,334,315	95,487,315	99,784,949	4,297,634
Federal Sources	10,263,980	13,220,614	10,991,994	(2,228,620)
Total Revenues	140,384,526	143,494,160	147,418,182	3,924,022
<b>EXPENDITURES</b>				
<b>Instructional Services</b>				
Regular education programs	61,236,173	61,713,563	61,712,860	703
Special education programs	24,030,359	24,790,359	24,750,465	39,894
Vocational education programs	5,987,941	5,447,941	5,444,924	3,017
Other instructional programs	1,313,896	3,053,896	3,048,441	5,455
Nonpublic school programs	153,000	278,000	275,862	2,138
Adult education programs	381,249	321,249	313,127	8,122
Pre-kindergarten	2,251,118	2,404,118	2,257,111	147,007
Total Instructional Services	95,353,736	98,009,126	97,802,790	206,336
<b>Instructional Support Services</b>				
Pupil personnel support services	5,823,031	5,723,031	5,712,185	10,846
Instructional staff support services	3,510,897	3,685,897	3,746,499	(60,602)
Administrative services	6,503,146	6,644,108	8,352,967	(1,708,859)
Pupil health services	1,680,760	1,730,760	1,796,705	(65,945)
Business services	1,221,714	1,301,714	1,293,761	7,953
Operation & maintenance of facilities	10,143,174	10,943,174	11,685,480	(742,306)
Student transportation services	2,797,500	2,817,500	3,212,375	(394,875)
Central & other business support services	1,769,940	1,769,940	2,120,403	(350,463)
Other support services	11,000	11,000	42,370	(31,370)
Total Instructional Support Services	33,461,162	34,627,124	37,962,745	(3,335,621)
<b>Noninstructional Services</b>				
Student activities	753,275	878,275	868,207	10,068
Community services	385,213	439,457	354,535	84,922
Total Noninstructional Services	1,138,488	1,317,732	1,222,742	94,990
<b>Capital Outlay</b>				
	-	-	796,840	(796,840)
<b>Debt Service (Principal &amp; Interest)</b>				
	12,541,675	20,710,713	20,694,890	15,823
Total Expenditures	142,495,061	154,664,695	158,480,007	(3,815,312)
Excess of Revenues Over (Under) Expenditures	(2,110,535)	(11,170,535)	(11,061,825)	108,710
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of capital asset sales	-	-	3,200	3,200
Issuance of Refunding Bonds	-	8,560,000	8,485,911	(74,089)
Budgetary reserve	(500,000)	-	-	-
Total Other Financing Sources (Uses)	(500,000)	8,560,000	8,489,111	(70,889)
<b>Net Change in Fund Balance</b>	<b>\$ (2,610,535)</b>	<b>\$ (2,610,535)</b>	<b>\$ (2,572,714)</b>	<b>\$ 37,821</b>

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

- The above budget local source revenues is due to slightly higher than anticipated real estate, earned income and real estate transfer tax collections.
- The increase in State revenues is due primarily to additional social security reimbursements being received.
- Operation of maintenance and operations was higher than originally budgeted due to increased costs related to maintenance requirements and increased security costs.
- Administrative Services expenditures were higher than anticipated due to increased employee salary and benefit costs than anticipated.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

**Long-term debt activity in the fiscal year ended June 30, 2019**

A summary of the activity

Description	Balance 6/30/2018	Additional Borrowings	Repayments/ Reductions	Balance 6/30/2019
General obligation debt	\$ 83,347,587	\$ 8,560,000	\$ 17,047,059	\$ 74,860,528
Loan payable	1,800,000	-	300,000	1,500,000
	<u>\$ 85,147,587</u>	<u>\$ 8,560,000</u>	<u>\$ 17,347,059</u>	<u>\$ 76,360,528</u>

See the notes to the financial statements for additional details.

**Capital asset activity in the fiscal year ended June 30, 2019**

A summary of the activity

**Governmental Activities Capital Assets:**

Description	Cost 6/30/2018	Fiscal Year 6/30/19		Cost 6/30/2019	Fiscal Year 6/30/19		Accumulated Depreciation 6/30/2019	Net Asset 6/30/2019
		Additions	Retire/Trsf		Depreciation	Retirement		
Land	\$ 2,804,679	\$ -	\$ -	\$ 2,804,679	\$ -	\$ -	\$ -	\$ 2,804,679
Buildings & improvements	176,434,467	4,283,103	-	180,717,570	4,816,722	-	58,621,042	122,096,528
Furniture & equipment	5,185,958	962,849	-	6,148,807	490,342	-	3,194,703	2,954,104
Construction in Progress	2,008,311	12,495	(2,008,311)	12,495	-	-	-	12,495
	<u>\$ 186,433,415</u>	<u>\$ 5,258,447</u>	<u>\$ (2,008,311)</u>	<u>\$ 189,683,551</u>	<u>\$ 5,307,064</u>	<u>\$ -</u>	<u>\$ 61,815,745</u>	<u>\$ 127,867,806</u>

**Business Type Capital Assets:**

Description	Cost 6/30/2018	Fiscal Year 6/30/19		Cost 6/30/2019	Fiscal Year 6/30/19		Accumulated Depreciation 6/30/2019	Net Asset 6/30/2019
		Additions	Retire/Trsf		Depreciation	Retirement		
Furniture & equipment	\$ 1,190,261	\$ 105,683	\$ -	\$ 1,295,944	\$ 37,005	\$ -	\$ 1,028,843	\$ 267,101
	<u>\$ 1,190,261</u>	<u>\$ 105,683</u>	<u>\$ -</u>	<u>\$ 1,295,944</u>	<u>\$ 37,005</u>	<u>\$ -</u>	<u>\$ 1,028,843</u>	<u>\$ 267,101</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.
- The District is currently 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. At present, in accordance with that order, our schools are closed and essentially all operations have ceased. It is not determinable at this time when the District may resume normal operations or what the financial impact of this shutdown will have on the District.

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 1,408,221	\$ 1,607,540	\$ 3,015,761
Investments	12,000,000	-	12,000,000
Taxes Receivable, net	5,139,834	-	5,139,834
Internal Balances	24,236	(24,236)	-
Due from Other Governments	12,179,972	166,799	12,346,771
Other Receivables	1,024,496	68,293	1,092,789
Inventories	52,102	52,104	104,206
Other Assets	2,705,982	163,610	2,869,592
<b>Total Current Assets</b>	<b>34,534,843</b>	<b>2,034,110</b>	<b>36,568,953</b>
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents	713,959	-	713,959
Investments	1,500,000	-	1,500,000
Bond Discounts, net of Amortization	242,870	-	242,870
Capital Assets, not being depreciated	2,817,174	-	2,817,174
Capital Assets, being depreciated, net	125,050,632	267,101	125,317,733
<b>Total Noncurrent Assets</b>	<b>130,324,635</b>	<b>267,101</b>	<b>130,591,736</b>
<b>TOTAL ASSETS</b>	<b>164,859,478</b>	<b>2,301,211</b>	<b>167,160,689</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Loss on Refunding, net of Accumulated Amortization	755,515	-	755,515
OPEB	1,831,906	56,657	1,888,563
Pensions	33,432,990	1,034,010	34,467,000
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>36,020,411</b>	<b>1,090,667</b>	<b>37,111,078</b>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	3,160,224	439,653	3,599,877
Current Portion of Long-Term Debt	8,647,059	-	8,647,059
Current Portion of Loan Payable	300,000	-	300,000
Accrued Salaries and Benefits	5,389,736	16,589	5,406,325
Accrued Interest on Long-Term Debt	709,448	-	709,448
Payroll Deductions and Withholdings	5,101,817	-	5,101,817
Unearned Revenues	299,399	15,522	314,921
<b>Total Current Liabilities</b>	<b>23,607,683</b>	<b>471,764</b>	<b>24,079,447</b>
Noncurrent Liabilities			
Bonds Payable	66,213,469	-	66,213,469
Bond Premiums, net of Amortization	94,583	-	94,583
Long-Term Portion of Compensated Absences	1,929,771	28,101	1,957,872
Loan Payable	1,200,000	-	1,200,000
Net Pension Liability	149,612,800	4,627,200	154,240,000
Net OPEB Liability	15,240,780	471,364	15,712,144
<b>Total Noncurrent Liabilities</b>	<b>234,291,403</b>	<b>5,126,665</b>	<b>239,418,068</b>
<b>TOTAL LIABILITIES</b>	<b>257,899,086</b>	<b>5,598,429</b>	<b>263,497,515</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
OPEB	1,828,715	56,558	1,885,273
Pensions	2,315,390	71,610	2,387,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,144,105</b>	<b>128,168</b>	<b>4,272,273</b>
<u>NET POSITION</u>			
Net Investment in Capital Assets	56,125,039	267,101	56,392,140
Restricted	2,100,809	163,610	2,264,419
Unrestricted	(119,389,150)	(2,765,430)	(122,154,580)
<b>TOTAL NET POSITION</b>	<b>\$ (61,163,302)</b>	<b>\$ (2,334,719)</b>	<b>\$ (63,498,021)</b>

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, 2019

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
<b>Governmental Activities:</b>							
Instruction	\$ 102,057,086	\$ -	\$ 22,293,177	\$ -	\$ (79,763,909)	\$ -	\$ (79,763,909)
Instructional Student Support	11,828,058	-	3,664,929	-	(8,163,129)	-	(8,163,129)
Administrative and Financial Support Services	12,506,801	-	1,992,366	-	(10,514,435)	-	(10,514,435)
Operation and Maintenance of Plant Services	17,248,863	-	1,570,506	-	(15,678,357)	-	(15,678,357)
Pupil Transportation	3,212,375	-	554,228	-	(2,658,147)	-	(2,658,147)
Student Activities	923,035	-	155,191	-	(767,844)	-	(767,844)
Community Services	375,861	-	256,742	-	(119,119)	-	(119,119)
Interest on Long-Term Debt	3,001,938	-	2,284,540	-	(717,398)	-	(717,398)
<b>Total Governmental Activities</b>	<b>151,154,017</b>	<b>-</b>	<b>32,771,679</b>	<b>-</b>	<b>(118,382,338)</b>	<b>-</b>	<b>(118,382,338)</b>
<b>Business-Type Activities:</b>							
Food Services	6,021,621	100,771	5,829,727	-	-	(91,123)	(91,123)
<b>Total Primary Government</b>	<b>\$ 157,175,638</b>	<b>\$ 100,771</b>	<b>\$ 38,601,406</b>	<b>\$ -</b>	<b>(118,382,338)</b>	<b>(91,123)</b>	<b>(118,473,461)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, net					30,791,186	-	30,791,186
Public Utility Tax					31,985	-	31,985
Earned Income Tax					3,650,295	-	3,650,295
In Lieu of Tax					149,601	-	149,601
Real Estate Transfer Tax					404,572	-	404,572
Unrestricted Grants and Subsidies					76,055,422	-	76,055,422
Unrestricted Investment Earnings					952,425	2,301	954,726
Gain on disposal of capital asset					3,200	-	3,200
Miscellaneous Income					2,541,668	-	2,541,668
<b>Total General Revenues</b>					<b>114,580,354</b>	<b>2,301</b>	<b>114,582,655</b>
<b>Changes in Net Position</b>					<b>(3,801,984)</b>	<b>(88,822)</b>	<b>(3,890,806)</b>
<b>Net position - beginning of year</b>					<b>(57,361,318)</b>	<b>(2,245,897)</b>	<b>(59,607,215)</b>
<b>Net position - end of year</b>					<b>\$ (61,163,302)</b>	<b>\$ (2,334,719)</b>	<b>\$ (63,498,021)</b>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,408,221	\$ -	\$ 1,408,221
Investments	12,000,000	-	12,000,000
Taxes Receivable, net allowance of \$434,049	5,139,834	-	5,139,834
Due from Other Funds	24,236	-	24,236
Due From Other Governments	12,179,972	-	12,179,972
Other Receivables	1,024,496	-	1,024,496
Inventories	52,102	-	52,102
Prepaid Expenses	2,705,982	-	2,705,982
Restricted Assets:			
Cash and Cash Equivalents	-	713,959	713,959
Investments	-	1,500,000	1,500,000
<b>TOTAL ASSETS</b>	<b>\$ 34,534,843</b>	<b>\$ 2,213,959</b>	<b>\$ 36,748,802</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 3,047,074	\$ 113,150	\$ 3,160,224
Accrued Salaries and Benefits	5,389,736	-	5,389,736
Payroll Deductions and Withholdings	5,101,817	-	5,101,817
Deferred Revenue	299,399	-	299,399
<b>TOTAL LIABILITIES</b>	<b>13,838,026</b>	<b>113,150</b>	<b>13,951,176</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Tax Revenues - Property Taxes	3,082,217	-	3,082,217
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,082,217</b>	<b>-</b>	<b>3,082,217</b>
<b>FUND BALANCES</b>			
Nonspendable	2,758,084	-	2,758,084
Restricted	-	2,100,809	2,100,809
Unassigned	14,856,516	-	14,856,516
<b>TOTAL FUND BALANCES</b>	<b>17,614,600</b>	<b>2,100,809</b>	<b>19,715,409</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 34,534,843</b>	<b>\$ 2,213,959</b>	<b>\$ 36,748,802</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, 2019

Total fund balance - governmental funds \$ 19,715,409

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	
Construction in Process	12,495	
Buildings and improvements, net of \$58,621,042 accumulated depreciation	122,096,528	
Furniture and Equipment, net of \$3,194,703 accumulated depreciation	<u>2,954,104</u>	
 Total capital assets		 127,867,806

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. 3,082,217

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	(74,860,528)	
Note Payable	(1,500,000)	
Accrued Interest on Long-Term Debt	(709,448)	
Deferred Loss on Refunding, net of Amortization	755,515	
Net Pension Liability	(149,612,800)	
Deferred Outflows of Resources - Pensions	33,432,990	
Deferred Inflows of Resources - Pensions	(2,315,390)	
Bond Premium/Discount, net of Amortization	148,287	
Compensated Absences	(1,929,771)	
Other Post-Employment Benefits (OPEB)	(15,240,780)	
Deferred Outflows of Resources - OPEB	1,831,906	
Deferred Inflows of Resources - OPEB	<u>(1,828,715)</u>	
		<u>(211,828,734)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (61,163,302)

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, 2019

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
Real Estate Taxes	\$ 30,941,671	\$ -	\$ 30,941,671
Other Taxes	4,236,453	-	4,236,453
Investment Income	871,289	81,136	952,425
Other Revenue	591,826	-	591,826
Total Local Sources	<u>36,641,239</u>	<u>81,136</u>	<u>36,722,375</u>
State Sources	99,784,949	-	99,784,949
Federal Sources	10,991,994	-	10,991,994
Total Revenues	<u>147,418,182</u>	<u>81,136</u>	<u>147,499,318</u>
<b>EXPENDITURES</b>			
Instructional Services	97,802,790	-	97,802,790
Support Services	37,962,745	23,964	37,986,709
Noninstructional Services	1,222,742	-	1,222,742
Capital Outlay	796,840	2,453,296	3,250,136
Debt Service			
Principal	17,428,315	-	17,428,315
Interest	3,266,575	-	3,266,575
Total Expenditures	<u>158,480,007</u>	<u>2,477,260</u>	<u>160,957,267</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,061,825)</u>	<u>(2,396,124)</u>	<u>(13,457,949)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of capital asset sales	3,200	-	3,200
Issuance of refunding bonds	8,560,000	-	8,560,000
Bond discount	(74,089)	-	(74,089)
Total Other Financing Sources	<u>8,489,111</u>	<u>-</u>	<u>8,489,111</u>
Net Changes in Fund Balance	<u>(2,572,714)</u>	<u>(2,396,124)</u>	<u>(4,968,838)</u>
Fund Balances - Beginning of Year	<u>20,187,314</u>	<u>4,496,933</u>	<u>24,684,247</u>
Fund Balances - End of Year	<u>\$ 17,614,600</u>	<u>\$ 2,100,809</u>	<u>\$ 19,715,409</u>

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, 2019

Net changes in fund balances - total governmental funds \$ (4,968,838)

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	\$ (5,307,064)	
Capital outlays	<u>3,250,136</u>	(2,056,928)

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	(8,560,000)	
Repayments:		
General obligation debt	17,047,059	
Loan Payable Repayment	300,000	8,787,059

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	(16,124)	
Pension benefit expense	(5,459,160)	
Other postemployment benefits expense	(357,490)	
Amortization of debt premium/discount	32,431	
Amortization of deferred loss from refunding	345,089	
Accrued interest on long-term debt	<u>42,462</u>	(5,412,792)

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.

(150,485)

Change in net position of governmental activities \$ (3,801,984)

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, 2019

	Enterprise Fund
	Food Service
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 1,607,540
Receivable from Other Governments	166,799
Other Receivables	68,293
Inventories	52,104
Prepaid Expenses	163,610
Total Current Assets	2,058,346
Noncurrent Assets	
Furniture and equipment, net	267,101
Total Noncurrent Assets	267,101
TOTAL ASSETS	2,325,447
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
OPEB	56,657
Pensions	1,034,010
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,090,667
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	439,653
Accrued Wages Payable	16,589
Due to Other Funds	24,236
Unearned Revenue	15,522
Total Current Liabilities	496,000
Noncurrent Liabilities	
Compensated Absences Payable	28,101
Net Pension Liability	4,627,200
Net OPEB Liability	471,364
Total Noncurrent Liabilities	5,126,665
TOTAL LIABILITIES	5,622,665
<u>DEFERRED INFLOWS OF RESOURCES</u>	
OPEB	56,558
Pensions	71,610
TOTAL DEFERRED INFLOWS OF RESOURCES	128,168
<u>NET POSITION</u>	
Net Investment in Capital Assets	267,101
Restricted	163,610
Unrestricted	(2,765,430)
TOTAL NET POSITION	\$ (2,334,719)

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, 2019

	Enterprise Fund Food Service
Operating Revenues	
Intergovernmental Revenues	
Federal	\$ 5,366,772
State	211,776
Donated Commodities	251,179
Food Service Revenue	100,771
Total Operating Revenues	5,930,498
Operating Expenses	
Salaries	1,281,935
Employee Benefits	1,223,314
Other Purchased Services	2,849,912
Supplies	629,455
Depreciation	37,005
Total Operating Expenses	6,021,621
Operating Loss	(91,123)
Nonoperating Revenues	
Investment Earnings	2,301
Total Nonoperating Revenues	2,301
Change in Net Position	(88,822)
Net Position - Beginning of year	(2,245,897)
Net Position - End of Year	\$ (2,334,719)

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, 2019

	Enterprise Fund Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Federal and State Agencies	\$ 5,836,877
Cash Received from User Charges	105,339
Cash Payments to Employees for Services	(2,327,479)
Cash Payments to Suppliers for Goods and Services	(3,496,030)
Internal Activity	(166,876)
	<u>(48,169)</u>
Net Cash Used In Operating Activities	<u>(48,169)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of Capital Asset	(105,683)
	<u>(105,683)</u>
Net Cash Used in Capital Financing Activities	<u>(105,683)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Earnings	2,301
	<u>2,301</u>
Net Cash Provided by Investing Activities	<u>2,301</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(151,551)
Cash and Cash Equivalents - Beginning of Year	1,759,091
	<u>1,759,091</u>
Cash and Cash Equivalents - End of Year	\$ 1,607,540
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>	
Donated Commodities	\$ 251,179
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (91,123)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Depreciation	37,005
Change in assets and liabilities	
Accounts Receivable	32,984
Prepaid Expense	53,233
Inventory	12,507
Accounts Payable	(82,403)
Accrued Salaries and Benefits	1,720
Accrued Sick and Vacation	(3,847)
Net Pension Liability and Pension Deferred Inflows/Outflows	168,840
Other Postemployment Benefits and Deferred Inflows/Outflows	11,057
Due to/Due From Other Funds	(166,876)
Deferred Revenue	(21,266)
	<u>37,005</u>
Total Adjustments	<u>5,949</u>
Net Cash Used In Operating Activities	\$ (48,169)

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, 2019

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 140,962</u>	<u>\$ 165,120</u>
<b>TOTAL ASSETS</b>	<u>140,962</u>	<u>165,120</u>
<b>LIABILITIES</b>		
Other Current Liabilities	<u>-</u>	<u>165,120</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>165,120</u>
<b>NET POSITION</b>		
Restricted for Scholarships	<u><u>\$ 140,962</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, 2019

	Private Purpose Trust Fund
<b>ADDITIONS</b>	
Gifts and Contributions	\$ 30,050
Earnings on Investments	3,208
Total Additions	33,258
<b>DEDUCTIONS</b>	
Scholarships Awarded	19,650
Total Deductions	19,650
Change in Net Position	13,608
Net Position - Beginning of Year	127,354
Net Position - End of Year	\$ 140,962

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

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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, 2019, for tuition and debt service was \$5,571,401. 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, 2019, was \$2,973,116. Accounts payable at June 30, 2019, includes \$96,083 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, 2019 totaling \$1,631,876. 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, 2019

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, 2019, was \$901,555. 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-levied 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, 2019

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, 2019

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, 2019

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, 2019

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, 2019, the restricted cash balance was \$713,959 and the restricted investment balance was \$1,500,000.

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, 2019

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, 2019

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, 2019

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, 2019

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 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, 2019

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. 83, "*Certain Asset Retirement Obligations*". The adoption of this statement had no effect on previously reported amounts.

The District adopted the provisions of GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*". 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 2020 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 2021 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 2021 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 2020 financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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 2022 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 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.

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 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.

SCHOOL DISTRICT OF THE CITY OF YORK  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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, 2019, the District's cash balance was \$4,035,192, and its bank balance was \$5,714,139.

At June 30, 2019, \$5,214,139 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 \$610 were not subject to custodial credit risk, as they were invested in a state investment pool.

As of June 30, 2019, 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
\$ 610	\$ 610	\$ -	\$ -	\$ -

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

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, 2019, 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	\$ 12,000,000
Capital Projects Fund	
Pennsylvania School District Liquid Asset Fund Collateralized "CD" Investment Pool	1,500,000
Total Governmental Funds	13,500,000
Total Investments	\$ 13,500,000

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. 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.



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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, 2019, is 33.736 mills (\$33.736 per \$1,000 of assessed valuation). The schedule for property taxes levied for the year ended June 30, 2019, 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, 2019 were \$5,573,883.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivable and payable balances at June 30, 2019, are as follows:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds:</u>		
General	\$ 24,236	\$ -
Total Governmental Funds	24,236	-
<u>Proprietary Funds:</u>		
<u>Enterprise Funds:</u>		
Food Service	-	24,236
Total Proprietary Funds	-	24,236
	\$ 24,236	\$ 24,236

NOTE 6: INTERFUND OPERATING TRANSFERS

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

NOTE 7: DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2019, the following amounts are due from other governmental units:

<u>Due From</u>	Governmental Activities	Business-Type Activities
Federal Grants and Subsidies	\$ 893,799	\$ 162,666
State Retirement Subsidy	3,636,406	-
State FICA Subsidy	1,934,319	-
Other State Subsidies	3,784,212	4,133
Other LEA's	1,931,236	-
	\$ 12,179,972	\$ 166,799

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 8: CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2019, is as follows:

<b>Governmental Activities</b>				
	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital Assets not Being Depreciated (cost):				
Land	\$ 2,804,679	\$ -	\$ -	\$ 2,804,679
Construction in Process	2,008,311	12,495	2,008,311	12,495
<b>Total Capital Assets not Being Depreciated</b>	<b>4,812,990</b>	<b>12,495</b>	<b>2,008,311</b>	<b>2,817,174</b>
Capital Assets Being Depreciated:				
Building and Building Improvements	176,434,467	4,283,103	-	180,717,570
Furniture and Equipment	5,185,958	962,849	-	6,148,807
<b>Total Capital Assets Being Depreciated</b>	<b>181,620,425</b>	<b>5,245,952</b>	<b>-</b>	<b>186,866,377</b>
Less Accumulated Depreciation for:				
Building and Building Improvements	(53,804,320)	(4,816,722)	-	(58,621,042)
Furniture and Equipment	(2,704,361)	(490,342)	-	(3,194,703)
<b>Total Accumulated Depreciation</b>	<b>(56,508,681)</b>	<b>(5,307,064)</b>	<b>-</b>	<b>(61,815,745)</b>
<b>Capital Assets Being Depreciated, Net</b>	<b>125,111,744</b>	<b>(61,112)</b>	<b>-</b>	<b>125,050,632</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 129,924,734</b>	<b>\$ (48,617)</b>	<b>\$ 2,008,311</b>	<b>\$ 127,867,806</b>

Capital asset activity for business-type activities for the year ended June 30, 2019, is as follows:

<b>Business Type Activities</b>				
	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 1,190,261	\$ 105,683	\$ -	\$ 1,295,944
<b>Total Capital Assets Being Depreciated</b>	<b>1,190,261</b>	<b>105,683</b>	<b>-</b>	<b>1,295,944</b>
Less Accumulated Depreciation for:				
Furniture and Equipment	(991,838)	(37,005)	-	(1,028,843)
<b>Total Accumulated Depreciation</b>	<b>(991,838)</b>	<b>(37,005)</b>	<b>-</b>	<b>(1,028,843)</b>
<b>Capital Assets Being Depreciated, Net</b>	<b>198,423</b>	<b>68,678</b>	<b>-</b>	<b>267,101</b>
<b>Business-Type Activities, Capital Assets, Net</b>	<b>\$ 198,423</b>	<b>\$ 68,678</b>	<b>\$ -</b>	<b>\$ 267,101</b>

Depreciation Expenses were charged to governmental activities as follows:

Instruction	\$ 267,386
Instructional Student Support	16,988
Administration and Financial Services	23,924
Operation and Maintenance of Plant	4,997,570
Student Activities	1,196
	<u>5,307,064</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 9: ACCRUED SALARIES AND BENEFITS

At June 30, 2019, the District was liable for payroll and related benefits, which are payable during July and August 2019, 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, 2019, 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, 2019, are as follows:

	General Fund	Food Service	Total
Accrued Payroll	\$ 3,774,066	\$ 11,606	\$ 3,785,672
Workers Compensation Insurance	67,933	209	68,142
Unemployment Compensation	26	6	32
Retirement	1,259,227	3,880	1,263,107
Social Security	288,484	888	289,372
	<u>\$ 5,389,736</u>	<u>\$ 16,589</u>	<u>\$ 5,406,325</u>

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS

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

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year
<u>Governmental activities</u>					
General obligation debt	\$ 83,347,587	\$ 8,560,000	\$ (17,047,059)	\$ 74,860,528	\$ 8,647,059
Loan Payable	1,800,000	-	(300,000)	1,500,000	300,000
Compensated absences	1,913,647	16,124	-	1,929,771	-
	<u>\$ 87,061,234</u>	<u>\$ 8,576,124</u>	<u>\$ (17,347,059)</u>	<u>\$ 78,290,299</u>	<u>\$ 8,947,059</u>
<u>Governmental activities</u> long-term liabilities					
<u>Business-type activities</u>					
Compensated absences	\$ 31,948	\$ -	\$ (3,847)	\$ 28,101	\$ -
	<u>\$ 31,948</u>	<u>\$ -</u>	<u>\$ (3,847)</u>	<u>\$ 28,101</u>	<u>\$ -</u>
<u>Business-type activities</u> long-term liabilities					

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

An analysis of debt service requirements to maturity on the Governmental Activities obligations follows:

Years Ended June 30:	Principal Retirements	Interest Requirements*	Total Debt Service Requirements
2020	\$ 8,647,059	\$ 1,851,407	\$ 10,498,466
2021	9,339,059	1,697,054	11,036,113
2022	9,451,059	1,524,895	10,975,954
2023	9,623,059	1,364,843	10,987,902
2024	9,702,059	1,197,482	10,899,541
2025-2029	28,098,233	2,523,616	30,621,849
	<u>\$ 74,860,528</u>	<u>\$ 10,159,297</u>	<u>\$ 85,019,825</u>

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

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

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at June 30, 2019
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 mature 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%.	\$ 5,922,000
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%.	13,023,528
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%.	7,990,000
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%.	240,000

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at June 30, 2019
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%.	\$ 4,970,000
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%.	4,095,000
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%.	5,515,000
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%.	5,495,000
2017	9,870,000	In 2017, the School District issued General Obligation Notes, Series of 2017, in the amount of \$9,870,000. The proceeds of the Notes were used for the current refunding of a portion of the outstanding General Obligation Bonds, Series of 2012. The Notes mature serially through May 1, 2025 and carry an interest rate of 2.25%.	9,715,000
2017	9,670,000	In 2017, the School District issued General Obligation Bonds, Series A of 2017, in the amount of \$9,670,000. The proceeds of the Bonds were used for the advanced 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 2.75%.	9,335,000
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%.	8,560,000
Total Balance Outstanding			<u>\$ 74,860,528</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
GOB, Series of 2009	\$ 9,520,000	\$ -	\$ (9,520,000)	\$ -	\$ -
GON, Series A-2 of 2009	5,327,000	-	(1,695,000)	3,632,000	1,775,000
GON, Series A-3 of 2009	2,290,000	-	-	2,290,000	-
GOB, Series of 2010	340,000	-	(340,000)	-	-
GON, Series of 2010	14,470,587	-	(1,447,059)	13,023,528	1,447,059
GON, Series of 2011	8,970,000	-	(980,000)	7,990,000	985,000
GOB, Series of 2012	355,000	-	(115,000)	240,000	135,000
GOB, Series A of 2013	5,980,000	-	(1,010,000)	4,970,000	1,160,000
GOB, Series B of 2013	4,100,000	-	(5,000)	4,095,000	5,000
GOB, Series of 2015	6,440,000	-	(925,000)	5,515,000	995,000
GOB, Series of 2016	6,390,000	-	(895,000)	5,495,000	970,000
GON, Series of 2017	9,745,000	-	(30,000)	9,715,000	30,000
GOB, Series A of 2017	9,420,000	-	(85,000)	9,335,000	775,000
GOB, Series of 2019	-	8,560,000	-	8,560,000	370,000
	<u>\$ 83,347,587</u>	<u>\$ 8,560,000</u>	<u>\$ (17,047,059)</u>	<u>\$ 74,860,528</u>	<u>\$ 8,647,059</u>

In April 2019, the School District issued General Obligation Bonds, Series of 2019 in the amount of \$8,560,000. The proceeds were used to currently refund the outstanding General Obligation Bonds, Series of 2009 in the amount of \$8,165,000 and to pay the cost of issuing and insuring the bonds.

The School District paid bond issuance costs in the amount of \$172,453 and recorded a bond discount of \$74,089. The Bonds mature serially through June 1, 2029 and carry an interest rate of 2.000% to 2.625%.

This refunding transaction resulted in an estimated cash flow savings of \$663,412 and an estimated economic gain of \$657,347 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, 2019 was \$1,500,000.

Years Ended June 30:	Principal Retirements
2020	\$ 300,000
2021	300,000
2022	300,000
2023	300,000
2024	300,000
	<u>\$ 1,500,000</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE 12: COMPENSATED ABSENCES

The changes in the District's compensated absences in 2019 are summarized as follows:

	Governmental Activities	Business-Type Activities
Balance July 1, 2018	\$ 1,913,647	\$ 31,948
Change	16,124	(3,847)
Balance June 30, 2019	\$ 1,929,771	\$ 28,101

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

NOTE 13: OPERATING LEASES

In August 2017, the District entered into a 59-month operating lease for Sharp equipment, maintenance and supplies. The contract calls for a fixed monthly charge. Lease expense in the general fund during the year ended June 30, 2019 was \$69,848. The District's future obligation under the operating lease is as follows for the fiscal years ending June 30:

Years Ended June 30:	
2020	69,848
2021	69,848
2022	69,848
	\$ 209,544

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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.		2,705,982
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Unassigned

Available for any purpose		14,856,516
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Capital Projects

Restricted

Restriction of funds for capital projects.		<u>2,100,809</u>
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Total Governmental Funds, Fund Balance	\$	<u><u>19,715,409</u></u>
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Governmental Activities

Net Investment in Capital Assets	\$	56,125,039
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Restricted Net Position

Restricted for capital projects, net unspent bond proceeds.		2,100,809
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Unrestricted Net Position		<u>(119,389,150)</u>
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	\$	<u><u>(61,163,302)</u></u>
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Business-Type Activities

Net Investment in Capital Assets	\$	267,101
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Restricted Net Position		163,610
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Unrestricted Net Position		<u>(2,765,430)</u>
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	\$	<u><u>(2,334,719)</u></u>
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SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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, 2019, 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	\$ 2,705,982	\$ 163,610	\$ 2,869,592

Changes in the District's claims liability in fiscal years 2019 and 2018 are:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
<b>General Fund</b>				
2017-2018	\$ 643,838	\$ 12,012,061	\$ (12,024,495)	\$ 631,404
2018-2019	\$ 631,404	\$ 14,952,358	\$ (14,806,208)	\$ 777,554
<b>Enterprise Fund</b>				
2017-2018	\$ 30,562	\$ 449,876	\$ (450,342)	\$ 30,096
2018-2019	\$ 30,096	\$ 516,665	\$ (511,615)	\$ 35,146
<b>Total</b>				
2017-2018	\$ 674,400	\$ 12,461,937	\$ (12,474,837)	\$ 661,500
2018-2019	\$ 661,500	\$ 15,469,023	\$ (15,317,823)	\$ 812,700

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, 2019, 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, 2019

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.pfers.state.pa.us](http://www.pfers.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. 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.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 16: PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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, 2019 was 31.74% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$15,724,000 for the year ended June 30, 2019.

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.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 16: PENSION PLAN (CONTINUED)

Contributions (Continued)

Member Contributions: (Continued)

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (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, 2019, the District reported a total liability of \$154,240,000 for its proportionate share of the net pension liability. The Governmental and Business-Type Activities reported liabilities of \$149,612,800 and \$4,627,200 as of year-end. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2019, the District's proportion was 0.3213 percent, which was an increase of 0.0170 from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$21,346,000. At June 30, 2019, 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, 2019

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	\$ 733,320	\$ -
Difference between expected and actual experience	1,203,770	2,315,390
Changes in proportions	13,455,840	-
Changes in assumptions	2,787,780	-
Contributions subsequent to the measurement date	15,252,280	-
<b>Total</b>	<b>\$ 33,432,990</b>	<b>\$ 2,315,390</b>

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 22,680	\$ -
Difference between expected and actual experience	37,230	71,610
Changes in proportions	416,160	-
Changes in assumptions	86,220	-
Contributions subsequent to the measurement date	471,720	-
<b>Total</b>	<b>\$ 1,034,010</b>	<b>\$ 71,610</b>

\$15,724,000 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, 2020. 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:			
2020	\$ 8,572,860	\$ 265,140	\$ 8,838,000
2021	6,388,420	197,580	6,586,000
2022	1,476,340	45,660	1,522,000
2023	(572,300)	(17,700)	(590,000)

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 16: PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of the June 30, 2017 actuarial valuation to June 30, 2018 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, 2016

- 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, 2017 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%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	(20%)	0.9%
	100%	

SCHOOL DISTRICT OF THE CITY OF YORK  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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, 2018.

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%	1% Increase 8.25%
	<i>(in Thousands)</i>		
District's share of the net pension liability	\$ 191,192	\$ 154,240	\$ 122,996

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, 2019, the District reported a payable of \$4,387,372 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

SCHOOL DISTRICT OF THE CITY OF YORK  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE 17: OTHER POST-EMPLOYMENT 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, 2019 the Plan’s membership consisted of the following:

Active Participants	745
Retired Participants	67
Total	812

*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.



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

*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 \$9,013,144 was measured as of July 1, 2018 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, 2018 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	2.98%
Healthcare Cost Trend Rates	6.00% for 2018, 5.5% in 2019 through 2021, 5.4% in 2022, decreasing to an ultimate rate of 3.8% by 2075.

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2018.

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, 2018 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, 2019 was as follows:

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

	Total OPEB Liability
Balance at 6/30/2017, beginning of year	\$ 10,424,650
Changes for the year:	
Service Cost	709,108
Interest	336,784
Differences between expected and actual experience	(1,472,457)
Changes in Assumptions	(294,755)
Benefit Payments	(690,186)
Net Changes	(1,411,506)
Balance at 6/30/2018, end of year	\$ 9,013,144
Split of Total OPEB Liability, end of year:	
Governmental Activities	8,742,750
Business-Type Activities	270,394
Total	\$ 9,013,144

Changes in assumptions reflect a change in the discount rate from 3.13% to 2.98%, an update of trend assumptions, and the assumed percentage of eligible Act 110/43 employees electing coverage at retirement was decreased from 70% to 65%.

*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 (5.0%) or 1-percentage higher (7.0%) than the current discount rate:

	1% Decrease 5.00%	Medical Trend Rate 6.00%	1% Increase 7.00%
Total OPEB Liability	\$ 8,156,864	\$ 9,013,144	\$ 10,012,581

*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 (1.98%) or 1-percentage higher (3.98%) than the current discount rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	\$ 9,592,883	\$ 9,013,144	\$ 8,462,188

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$937,502. At June 30, 2019, 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	\$ -	\$ 1,359,191
Changes in assumptions	275,485	272,082
Contributions subsequent to the measurement date	534,051	-
<b>Total</b>	<b>\$ 809,536</b>	<b>\$ 1,631,273</b>
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 785,250	\$ 1,582,335
Business-Type Activities	24,286	48,938
<b>Total</b>	<b>\$ 809,536</b>	<b>\$ 1,631,273</b>

\$534,051 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, 2020. 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
2020	\$ (105,138)	\$ (3,252)	\$ (108,390)
2021	(105,138)	(3,252)	(108,390)
2022	(105,138)	(3,252)	(108,390)
2023	(105,138)	(3,252)	(108,390)
2024	(105,138)	(3,252)	(108,390)
Thereafter	(789,423)	(24,415)	(813,838)

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.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Plan Description (Continued)

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, 2018 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, 2019 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 \$401,027 for the year ended June 30, 2019.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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, 2019, the District reported a liability of \$6,699,000 for its proportionate share of the net OPEB liability. The Governmental and Business-Type Activities reported liabilities of \$6,498,030 and \$200,970 as of year-end. The net OPEB liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2019, the District's proportion was 0.3213 percent, which was an increase of 0.0170 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized OPEB expense of \$404,000. At June 30, 2019, 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	\$ 11,000	\$ -
Changes in assumptions	106,000	254,000
Changes in proportion	520,000	-
Difference between expected and actual experience	41,000	
Contributions subsequent to the measurement date	401,027	-
Total	<u>\$ 1,079,027</u>	<u>\$ 254,000</u>
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 1,046,656	\$ 246,380
Business-Type Activities	32,371	7,620
Total	<u>\$ 1,079,027</u>	<u>\$ 254,000</u>

\$401,027 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, 2020. 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
2020	\$ 69,840	\$ 2,160	\$ 72,000
2021	69,840	2,160	72,000
2022	67,900	2,100	70,000
2023	66,930	2,070	69,000
2024	65,960	2,040	68,000
Thereafter	70,810	2,190	73,000

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Actuarial Assumptions

*Actuarial Assumptions.* The total OPEB liability as of June 30, 2018, was determined by rolling forward the System's total OPEB liability as of June 30, 2017 actuarial valuation to June 30, 2018 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 – 2.98% - 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, 2016 determined the employer contribution rate for fiscal year 2018.
- 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.

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.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Actuarial Assumptions (Continued)

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, 2018 were:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.9%	0.3%
US Core Fixed Income	92.8%	1.2%
Fixed Income	1.3%	0.4%
Total	<u>100.0%</u>	

The discount rate used to measure the total OPEB liability was 2.98%. 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 2.98% which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

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, 2018, 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, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 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% - 6.75%)	Medical Trend Rate (Between 5% - 7.75%)	1% Increase (Between 6% - 8.75%)
District's proportionate share of the net OPEB liability	\$ 6,698,000	\$ 6,699,000	\$ 6,700,000

SCHOOL DISTRICT OF THE CITY OF YORK  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

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 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 (1.98 percent) or higher (3.98 percent) than the current discount rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
District's proportionate share of the net OPEB liability	\$ 7,618,000	\$ 6,699,000	\$ 5,936,000

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, 2019 the District reported a payable of \$111,878 for the outstanding amount of contributions to the OPEB plan.

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.



SCHOOL DISTRICT OF THE CITY OF YORK  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

NOTE 19: EXCESS OF EXPENDITURES OVER APPROPRIATION IN MAJOR FUND

The following major fund had an excess of actual expenditures over budget for the year ended June 30, 2019.

	<b>Appropriations</b>	<b>Expenditures</b>	<b>Percent of Excess Expenditures over Appropriations</b>
General Fund	\$ 147,991,117	\$ 158,480,007	7.1%

The excess fund balance in the General Fund will provide the funds to cover the excess expenditures over appropriations.

NOTE 20: SUBSEQUENT EVENTS

In November 2019, the Board of School Directors approved a resolution to issue General Obligation Bonds, Series of 2020 in the maximum aggregate principal amount not to exceed \$20,915,000. The proceeds of the bond issuance will be to currently refund the School District's outstanding General Obligation Bonds, Series of 2017 and General Obligation Bonds, Series A of 2017 and to pay the costs of issuing the bonds.

Subsequent 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, 2019

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Local Sources:				
Real Estate Taxes	\$ 30,297,331	\$ 30,471,331	\$ 30,941,671	\$ 470,340
Other Taxes	3,149,000	2,975,000	4,236,453	1,261,453
Investment Income	650,000	650,000	871,289	221,289
Other Revenue	689,900	689,900	591,826	(98,074)
Total Local Sources	34,786,231	34,786,231	36,641,239	1,855,008
State Sources	95,334,315	95,487,315	99,784,949	4,297,634
Federal Sources	10,263,980	13,220,614	10,991,994	(2,228,620)
Total Revenues	140,384,526	143,494,160	147,418,182	3,924,022
EXPENDITURES				
Instructional Services				
Regular Programs	61,236,173	61,713,563	61,712,860	703
Special Programs	24,030,359	24,790,359	24,750,465	39,894
Vocational Programs	5,987,941	5,447,941	5,444,924	3,017
Other Instructional Program	1,313,896	3,053,896	3,048,441	5,455
Nonpublic School Programs	153,000	278,000	275,862	2,138
Adult Education Programs	381,249	321,249	313,127	8,122
Pre-Kindergarten Programs	2,251,118	2,404,118	2,257,111	147,007
Total Instructional Services	95,353,736	98,009,126	97,802,790	206,336
Instructional Support Services				
Pupil Personnel Services	5,823,031	5,723,031	5,712,185	10,846
Instructional Staff Services	3,510,897	3,685,897	3,746,499	(60,602)
Administrative Services	6,503,146	6,644,108	8,352,967	(1,708,859)
Pupil Health	1,680,760	1,730,760	1,796,705	(65,945)
Business Services	1,221,714	1,301,714	1,293,761	7,953
Operation of Plant and Maintenance Services	10,143,174	10,943,174	11,685,480	(742,306)
Student Transportation Services	2,797,500	2,817,500	3,212,375	(394,875)
Central and Other Business Services	1,769,940	1,769,940	2,120,403	(350,463)
Other Support Services	11,000	11,000	42,370	(31,370)
Total Instructional Support Services	33,461,162	34,627,124	37,962,745	(3,335,621)
Noninstructional Services				
Student Activities	753,275	878,275	868,207	10,068
Community Services	385,213	439,457	354,535	84,922
Total Noninstructional Services	1,138,488	1,317,732	1,222,742	94,990
Capital Outlay	-	-	796,840	(796,840)
Debt Service	12,541,675	20,710,713	20,694,890	15,823
Total Expenditures	142,495,061	154,664,695	158,480,007	(3,815,312)
Excess of Revenues Over (Under) Expenditures	(2,110,535)	(11,170,535)	(11,061,825)	108,710
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Sales	-	-	3,200	3,200
Issuance of Refunding Bonds	-	8,560,000	8,560,000	-
Bond Discount	-	-	(74,089)	(74,089)
Budgetary Reserve	(500,000)	-	-	-
Total Other Financing Sources (Uses)	(500,000)	8,560,000	8,489,111	(70,889)
Net Changes in Fund Balance	\$ (2,610,535)	\$ (2,610,535)	\$ (2,572,714)	\$ 37,821

SCHOOL DISTRICT OF THE CITY OF YORK

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

JUNE 30, 2019

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

Changes of Assumptions

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, 2019

	<b>Measurement Date June 30,</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.2907%	0.3043%	0.3213%
District's proportionate share of the net OPEB liability	\$ 6,262,000	\$ 6,200,000	\$ 6,699,000
District's covered payroll	\$ 37,653,466	\$ 40,512,841	\$ 43,264,374
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17%	15%	15%
Plan fiduciary net position as a percentage of the total OPEB liability	5%	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>
Contractually determined contribution	\$ 336,000	\$ 359,000	\$ 401,027
Contributions in relation to the contractually determined contribution	336,000	359,123	401,027
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (123)</u>	<u>\$ -</u>
Covered payroll	\$ 40,512,841	\$ 43,264,374	\$ 47,841,651
Contributions as a percentage of covered payroll	0.83%	0.83%	0.84%

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
District's proportion of the net pension liability	0.2624%	0.2709%	0.2907%	0.3043%	0.3213%
District's proportionate share of the net pension liability	\$ 106,025,000	\$ 117,341,000	\$ 144,062,000	\$ 150,289,000	\$ 154,240,000
District's covered payroll	\$ 33,486,767	\$ 34,858,951	\$ 37,653,466	\$ 40,512,841	\$ 43,264,374
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	317%	337%	383%	371%	357%
Plan fiduciary net position as a percentage of the total pension liability	57%	54%	50%	52%	54%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only five 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>
Contractually required contribution	\$ 6,983,716	\$ 9,217,874	\$ 11,662,000	\$ 13,658,000	\$ 15,724,000
Contributions in relation to the contractually required contribution	6,983,716	9,217,874	11,662,000	13,658,000	15,724,000
Contribution deficiency (excess)	<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	47,841,651
Contributions as a percentage of covered - payroll	20.03%	24.48%	28.79%	31.57%	32.87%

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



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

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2019

SCHOOL DISTRICT OF THE CITY OF YORK  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2019

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# Zelenkofske Axlerod 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, 2019 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 April 21, 2020.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 purposed 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 2019-001 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2019-001.



# *Zelenkofske Axlerod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

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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 Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
April 21, 2020



# Zelenkofske Axlerod LLC

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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 U.S. Office of Management and Budget (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, 2019. 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 its 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 and unmodified 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 EDUCATION 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:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2019-001	84.010 84.027	Grants to Local Educational Agencies (Title I, Part A) Special Education Cluster (IDEA, Part B)	Equipment and Real Property

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 EDUCATION 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, 2019.

## ***Unmodified Opinion on GRANTS TO LOCAL EDUCATION AGENCIES – CHILD NUTRITION CLUSTER and IMPACT AIDE – PUERTO RICO***

In our opinion, 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 each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

### ***Other Matters***

The SCHOOL DISTRICT OF THE CITY OF YORK’s response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

### **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.



# *Zelenkofske Axlerod 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding 2019-001 that we consider to be a material weakness.

The SCHOOL DISTRICT OF THE CITY OF YORK's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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 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, 2019, 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 April 21, 2020, 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 Axlerod LLC*

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania  
April 21, 2020

**SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

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, 2018	Total Received for the Year	Expenditure	Accrued (Deferred) Revenue at June 30, 2019	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	7/01/18-6/30/19	N/A	\$ -	\$ 59,916	\$ 63,114	\$ 3,198	\$ -
Junior Reserve Officers Training Corps	12.000	N/A	7/01/17-6/30/18	N/A	4,313	4,313	-	-	-
<b>Total Passed Through the United States Army</b>					<u>4,313</u>	<u>64,229</u>	<u>63,114</u>	<u>3,198</u>	<u>-</u>
<b>Total U.S. Department of Defense</b>					<u>4,313</u>	<u>64,229</u>	<u>63,114</u>	<u>3,198</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		7/01/18-6/30/19	N/A	(36,788)	251,179	272,445	(15,522)	-
<b>Total Child Nutrition Cluster Passed Through the Pennsylvania Department of Agriculture</b>					<u>(36,788)</u>	<u>251,179</u>	<u>272,445</u> *	<u>(15,522)</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>					<u>(36,788)</u>	<u>251,179</u>	<u>272,445</u>	<u>(15,522)</u>	<u>-</u>
<b>U.S. Department of Education</b>									
<b>Passed Through the Pennsylvania Department of Education</b>									
<b>Child Nutrition Cluster:</b>									
School Breakfast Program	10.553		7/01/18-6/30/19	N/A	-	1,669,821	1,706,399	36,578	-
School Breakfast Program	10.553		7/01/17-6/30/18	N/A	44,123	44,123	-	-	-
National School Lunch Program	10.555		7/01/18-6/30/19	N/A	-	3,117,769	3,176,020	58,251	-
National School Lunch Program	10.555		7/01/17-6/30/18	N/A	70,215	70,215	-	-	-
Summer Food Service Program for Children	10.559		7/01/18-6/30/19	N/A	-	55,906	76,770	20,864	-
Summer Food Service Program for Children	10.559		7/01/17-6/30/18	N/A	22,562	22,562	-	-	-
<b>Total Child Nutrition Cluster Passed Through the U.S. Department of Education</b>					<u>136,900</u>	<u>4,980,396</u>	<u>4,959,189</u> *	<u>115,693</u>	<u>-</u>
Fresh Fruit & Vegetable	10.582		7/01/18-6/30/19	N/A	-	148,358	195,332	46,974	-
Fresh Fruit & Vegetable	10.582		7/01/17-6/30/18	N/A	53,213	53,213	-	-	-
<b>Total Fresh Fruit &amp; Vegetable Program</b>					<u>53,213</u>	<u>201,571</u>	<u>195,332</u>	<u>46,974</u>	<u>-</u>
Child and Adult Care Food Program	10.558		7/01/18-6/30/19	N/A	-	212,251	212,251	-	-
<b>Total Child and Adult Care Food Program</b>					<u>-</u>	<u>212,251</u>	<u>212,251</u>	<u>-</u>	<u>-</u>

\* denotes tested as a major program



**SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

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, 2018	Total Received for the Year	Expenditure	Accrued (Deferred) Revenue at June 30, 2019	Subrecipient Expenditures
<b>U.S. Department of Education (Continued)</b>									
<b>Passed Through the Pennsylvania Department of Education (Continued)</b>									
<b>Emergency Impact Initiative</b>									
Impact Aide - Puerto Rico	84.938C		8/15/2018-12/31/18	\$ 1,036,130	\$ -	\$ 1,036,130	\$ 1,036,130	\$ -	\$ -
<b>Total Impact Aide</b>					<u>-</u>	<u>1,036,130</u>	<u>1,036,130</u> *	<u>-</u>	<u>-</u>
<b>Title I, Part A:</b>									
Title I, Grants to Local Education Agencies	84.010	013-190498	7/6/2018-9/30/2019	4,826,896	-	3,539,972	3,686,750	146,778	-
Title I, Grants to Local Education Agencies	84.010	013-180498	8/23/2017-9/30/2018	4,851,468	257,916	327,567	69,651	-	-
Title I, Grants to Local Education Agencies	84.010	042-180498	2/4/2019-9/30/2019	420,995	-	105,249	33,016	(72,233)	-
Title I, Grants to Local Education Agencies	84.010	042-170498	03/28/2018-9/30/2018	396,890	(113,397)	283,493	396,890	-	-
Title I, Grants to Local Education Agencies	84.010	152-180498	07/25/2018-9/30/2019	1,006,072	-	-	783,477	783,477	-
<b>Total Title I Part A</b>					<u>144,519</u>	<u>4,256,281</u>	<u>4,969,784</u> *	<u>858,022</u>	<u>-</u>
<b>Title II, Part A - Improving Teacher Quality State Grants</b>									
Improving Teacher Quality State Grants, Title II	84.367	020-19-0498	7/6/2018-9/30/2020	450,407	-	343,846	203,757	(140,089)	-
Improving Teacher Quality State Grants, Title II	84.367	020-18-0498	8/23/2017-9/30/2018	513,724	69,483	293,518	180,316	(43,719)	-
Improving Teacher Quality State Grants, Title II	84.367	020-17-0498	11/9/2016-9/30/2017	652,758	236,504	236,504	-	-	-
<b>Total Title II Part A - Improving Teacher Quality State Grants</b>					<u>305,987</u>	<u>873,868</u>	<u>384,073</u>	<u>(183,808)</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	010-19-0498	9/6/2018-9/30/2019	399,325	-	399,325	366,466	(32,859)	-
English Language Acquisition State Grants, Title III	84.365	010-18-0498	8/23/2017-9/30/2018	332,289	13,297	23,735	29,430	18,992	-
<b>Total Title III, Language Instruction for Limited English Proficient and Immigrant Students</b>					<u>13,297</u>	<u>423,060</u>	<u>395,896</u>	<u>(13,867)</u>	<u>-</u>
<b>Title IV, Student Support and Academic Enrichment</b>									
Student Support and Academic Enrichment Program	84.424	144-190498	07/6/18-9/30/19	350,988	-	116,996	350,988	233,992	-
Student Support and Academic Enrichment Program	84.424	144-180498	08/23/17-9/30/18	109,374	78,124	78,124	-	-	-
<b>Total Title IV, Student Support and Academic Enrichment</b>					<u>78,124</u>	<u>195,120</u>	<u>350,988</u>	<u>233,992</u>	<u>-</u>
<b>Total Passed Through Pennsylvania Department of Education</b>					<u>541,927</u>	<u>5,748,329</u>	<u>6,100,741</u>	<u>894,339</u>	<u>-</u>

\* denotes tested as a major program

SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019

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, 2018	Total Received for the Year	Expenditure	Accrued (Deferred) Revenue at June 30, 2019	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		7/01/18-6/30/19	1,609,532	\$ -	\$ -	\$ 1,609,532	\$ 1,609,532	\$ -
Regular IDEA, Part B Section 611	84.027		7/01/17-6/30/18	1,554,929	1,554,929	1,554,929	-	-	-
Preschool IDEA, Part B Section 619	84.027		7/01/18-6/30/19	22,344	-	-	22,344	22,344	-
Preschool IDEA, Part B Section 619	84.027		7/01/17-6/30/18	19,639	19,639	19,639	-	-	-
<b>Total Special Education Cluster (IDEA)</b>					<u>1,574,568</u>	<u>1,574,568</u>	<u>1,631,876</u> *	<u>1,631,876</u>	<u>-</u>
<b>Total Passed Through Lincoln Intermediate Unit No. 12</b>					<u>1,574,568</u>	<u>1,574,568</u>	<u>1,631,876</u>	<u>1,631,876</u>	<u>-</u>
<b>Total U.S. Department of Education</b>					<u>2,116,495</u>	<u>7,322,897</u>	<u>7,732,617</u>	<u>2,526,215</u>	<u>-</u>
<b>Total Child Nutrition Cluster</b>					<u>100,112</u>	<u>5,231,575</u>	<u>5,231,634</u>	<u>100,171</u>	<u>-</u>
<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	106,086	545,424	549,501	110,163	-
<b>Total Medicaid Cluster Passed Through the Pennsylvania Department of Health and Human Services</b>					<u>106,086</u>	<u>545,424</u>	<u>549,501</u>	<u>110,163</u>	<u>-</u>
<b>Total U.S. Department of Human Services</b>					<u>106,086</u>	<u>545,424</u>	<u>549,501</u>	<u>110,163</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<u>\$ 2,380,219</u>	<u>\$ 14,614,077</u>	<u>\$ 15,020,579</u>	<u>\$ 2,786,721</u>	<u>\$ -</u>

\* denotes tested as a major program

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019

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, 2019

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?  
  yes  X  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 Agriculture – Child Nutrition Cluster - National School Lunch Program – USDA Commodities	Unmodified
U.S. Department of Education – Child Nutrition Cluster - School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children	
U.S. Department of Education – Impact Aide Puerto Rico	Unmodified
U.S. Department of Education – Title I, Grants to Local Education Agencies	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)
10.553, 10.555, & 10.559	Child Nutrition Cluster
84.938C	Impact Aide – Puerto Rico

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, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2019-001 in SECTION III – FEDERAL AWARD FINDINGS.

SCHOOL DISTRICT CITY OF YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

SECTION III – FEDERAL AWARD FINDINGS (CONTINUED)

<u>Finding 2019-001</u>	<u>Equipment and Real Property</u>
	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 2018-002 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  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

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, 2018:

Program	Prior Year Finding	Brief Description of Finding	Current Year Status
None	2018-001	Accounting Records	Resolved
Title I Special Education Cluster IDEA	2018-002	Equipment and Real Property	Unresolved See Current Year Finding 2019-001
Child Nutrition Cluster	2018-003	Eligibility Activities Allowed or Unallowed Allowable Costs/Cost Principles Period of Performance	Resolved
Child Nutrition Cluster	2018-004	Reporting	Resolved