

CENTRAL YORK SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020

CENTRAL YORK SCHOOL DISTRICT
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MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Financial Statements

The Management Discussion and Analysis of Central York School District's financial performance provides a brief overview of the District's financial activities for the fiscal year ended June 30, 2020. The Management Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB), in their Statement No. 34 Basic Financial Statements.

The accompanying financial statements for Central York School District for the fiscal year ended June 30, 2020 have been prepared in accordance with GASB Statement No. 34 and present both Government-Wide and Fund Level Financial Statements using both the accrual and modified accrual basis of accounting, respectively. The Government-Wide Financial Statements show financial information about the activities of the District as a whole and provide a longer-term view of the District's finances. The Statement of Net Assets and the Statement of Activities provide this information. These statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. These statements are prepared using the accrual basis of accounting. All assets and liabilities of the District are included in these statements, and all of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. This method of financial presentation is similar to the accounting used by most private-sector companies. Fund Financial Statements show how the district finances its services in the short term, as well as, what remains for future spending. Fund Financial Statements provide separate information for the District's most significant funds and then non-major funds are aggregated and presented together. The modified accrual method of accounting is used in Fund Financial Statements. This method measures cash and all other financial assets that can be readily converted to cash. In the financial statements there is a reconciliation, which shows the differences between the Government-Wide Financial Statements and the Fund Financial Statements. Lastly, a Statement of Fiduciary Net Assets is provided which provides financial information about activities that the School Board acts solely as an agent for the benefit of students. These activities are excluded from the other financial statements of the district, because these assets cannot be used to finance the districts operations.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

Comparative Summary of Net Assets as of June 30, 2020 and June 30, 2019

	<u>Year Ended June 30, 2020</u>		<u>Year Ended June 30, 2019</u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>
Current Assets	19,066,813	1,288,102	18,203,252	2,013,420
Noncurrent Assets	<u>115,818,616</u>	<u>106,371</u>	<u>121,851,552</u>	<u>125,158</u>
Total Assets	<u>134,885,429</u>	<u>1,394,473</u>	<u>140,054,804</u>	<u>2,138,578</u>
Current Liabilities	17,749,528	608,824	17,125,248	1,252,412
Noncurrent				
Liabilities	<u>176,764,000</u>	<u>43,075</u>	<u>181,456,718</u>	<u>27,833</u>
Total Liabilities	<u>194,513,528</u>	<u>651,899</u>	<u>198,581,966</u>	<u>1,280,245</u>
Net Assets				
Invested in Capital				
Assets,				
Net of Related				
Debt	72,575,464		70,512,428	
Unrestricted	<u>(132,203,563)</u>	<u>742,574</u>	<u>(129,039,590)</u>	<u>858,333</u>
Total Net Assets	<u>(59,628,099)</u>	<u>742,574</u>	<u>(58,527,162)</u>	<u>858,333</u>

The \$(58,885,525) of unrestricted net assets represents the accumulated results of all past years' operations. In simple terms, the amount of unrestricted net assets represents the amount of funds the District would have remaining, if all of the outstanding obligations were paid as of June 30, 2020. The results of the current years' operations would be reflected in the Statement of Activities for the year ended June 30, 2020.

As reflected in the Statement of Activities, the change in net assets for the current year was \$(1,216,696) for Governmental and Business-Type Activities. This statement provides a summary of the total cost of the services provided by the District, and the offsetting revenue used to support those services. The following pages provide a summary of the District's functions, as well as, the Districts net cost (total cost less revenues generated by the activities or grants and funding specific to the program). The net cost is the amount of financial burden, which was placed on the districts taxpayer's and the cost provided by non-specific grants (such as basic education funding provided by the state).

**COMPARATIVE SUMMARY OF COST OF SERVICES
and
Change in Net Assets
For Years Ended June 30, 2020 and June 30, 2019**

	<u>Year Ended June 30, 2020</u>			<u>Year Ended June 30, 2019</u>		
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Program Revenue</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Program Revenue</u>
Instruction	65,722,857	58,644,828	7,078,029	63,797,711	57,302,278	6,495,433
Instructional	9,149,719	9,039,184	110,535	8,787,786	8,676,403	111,383
Student Support						
Administrative & Financial Support	7,141,394	7,141,394	-0-	7,101,776	7,101,776	-0-
Operation of Plant Services	6,021,518	5,957,308	64,210	6,140,995	6,041,599	99,396
Pupil Transportation	3,691,672	2,200,977	1,490,695	4,305,614	1,898,796	2,406,818
Student Activities	1,656,817	1,555,622	101,195	1,750,758	1,605,407	145,351
Community Services	203,751	203,751	-0-	211,759	211,759	-0-
Interest on Long-Term Debt	1,103,536	29,053	1,074,483	728,817	(331,614)	1,060,431
Food Service	<u>3,243,157</u>	<u>115,759</u>	<u>3,127,398</u>	<u>3,447,726</u>	<u>(99,513)</u>	<u>3,547,239</u>
Totals	<u>97,934,421</u>	<u>84,887,876</u>	<u>13,046,545</u>	<u>96,272,942</u>	<u>82,406,891</u>	<u>13,866,051</u>

As you can see from the above schedule the programs generated \$13,046,545 in program revenue to offset the total cost of services. Program revenue consists of charges to users and operating or capital grants provided by state or federal subsidies. The additional revenue used to provide the district services was generated from taxes, investment earnings, or grants and entitlements from the state, which were not restricted for specific programs. Below is a summary of the revenues used to provide services for the District.

<u>Revenue Source</u>	<u>Year Ended June 30, 2020</u>		<u>Year Ended June 30, 2019</u>	
	<u>Program Revenue</u>	<u>General Revenue</u>	<u>Program Revenue</u>	<u>General Revenue</u>
Charges for Services	1,562,011		2,467,981	
Operating Grants and Contributions	11,484,534		11,398,070	
Capital Grants and Contributions				
Taxes		65,975,567		63,564,311
Unrestricted Grants and Entitlements		17,235,812		16,321,932
Investment Earnings		321,263		488,047
Miscellaneous		138,538		324,349
Total Revenue	<u>13,046,545</u>	<u>83,671,180</u>	<u>13,866,051</u>	<u>80,698,639</u>

Fund Financial Statements

As stated earlier, Fund Financial Statements provide the reader with an understanding of how the district finances its services in the short-term, and what funds are available for future spending. School Boards establish various funds to control and manage resources for particular purposes or due to legal requirements. The three major funds that the District maintains are: General Fund which is the principal operating fund of the district; the Capital Reserve Fund, which is used to monitor larger projects of the district and to maintain excess funds from the General Fund for future use; and Capital Projects Fund which is used for renovation and construction projects.

The District continues to maintain a healthy fund balance in the General Fund. The General Fund balance is \$5,805,584 for the year ended June 30, 2020. The fund balance currently equals 6.2% of the 2019-2020 expenditure budget. The Capital Reserve Fund balance is \$1,511,720 for the year ended June 30, 2020.

Capital Assets and Debt Administration

At June 30, 2020, the Board of Education had \$93,675,530 invested in a broad range of capital assets including land, buildings, furniture and equipment.

As of June 30, 2020, the District had \$20,993,695 in outstanding general obligation bonds. Moody's Investor Service, the nation's leading agency for evaluating the credit worthiness of municipal bonds has maintained the district's rating at Aaa. Additionally, as of June 30, 2020 the district had \$1,789,980 in compensated absences, which represents accrued vacation pay, sick leave and retirement bonuses. The District's Other Post-Employment Benefits liability for retiree health insurance was \$17,483,263 as of June 30, 2020. The Net Pension liability at June 30, 2020 was \$135,576,000.

General Fund Budget Highlights

The Board of Education adopts an annual budget for all Governmental Funds and the Proprietary (School Food Service) Fund. The budget includes all revenues and expenditures/expenses of these funds. The budget acts as the operating plan for the fiscal year and is revised as necessary in accordance with requirements of State law and Board policy. The Board of Education may amend the budget at any time during the fiscal year by making additional appropriations, or by increasing existing appropriations, but the funds must be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans.

The financial statements show the original budget and final budget amounts, and a comparison of the final budget to the actual amounts.

**Comparative Summary of Final General Fund Budget
Compared to Actual General Fund Results
Years Ended June 30, 2020 and June 30, 2019**

	<u>Year Ended June 30, 2020</u>			<u>Year Ended June 30, 2019</u>		
	<u>Final Budget</u>	<u>Actual Results</u>	<u>Variance Favorable/ (Unfavorable)</u>	<u>Final Budget</u>	<u>Actual Results</u>	<u>Variance Favorable/ (Unfavorable)</u>
Local Revenue	67,782,197	67,798,495	16,298	65,660,801	65,876,548	215,747
State Revenue	24,218,260	24,206,733	(11,527)	22,738,651	23,992,520	1,253,869
Federal Revenue	<u>760,680</u>	<u>1,644,481</u>	<u>883,801</u>	<u>763,604</u>	<u>880,056</u>	<u>116,452</u>
Total Revenue	<u>92,761,137</u>	<u>93,649,709</u>	<u>888,572</u>	<u>89,163,056</u>	<u>90,749,124</u>	<u>1,586,068</u>
Instruction Support Services	56,467,438	56,848,902	(381,464)	53,851,278	56,217,025	(2,365,747)
Non-Instructional Services	26,313,739	25,933,745	379,994	24,940,510	26,411,741	(1,471,231)
Debt Service	1,873,782	1,682,373	191,009	1,866,740	1,793,613	73,127
Other Financing Sources/Uses	8,000,000	7,992,520	7,480	8,000,000	7,911,247	88,753
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenses Excess Rev over Expenses	<u>106,178</u>	<u>1,192,169</u>	<u>1,085,991</u>	<u>504,528</u>	<u>(1,584,502)</u>	<u>(2,089,030)</u>

Fiduciary Funds

The Fiduciary Funds of the District are presented separately in the Statement of Fiduciary Net Assets because these funds are not used in the Operation of the School District, but the Board of Education acts as the agent of these funds for the benefit of students.

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Central York School District
York, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor 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 of 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 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.

Board of Education
Central York School District
York, Pennsylvania

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central York School District as of June 30, 2020, and the respective changes in financial position, and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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 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 procedures 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 with sufficient evidence to express.

Other Information

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

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

Board of Education
Central York School District
York, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2020, on our consideration of Central York School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 21, 2020

CENTRAL YORK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 4,032,421	\$ 1,087,831	\$ 5,120,252
Investments	7,000,000	0	7,000,000
Taxes Receivable, Net	854,481	0	854,481
Due from Other Governments	5,410,875	100,039	5,510,914
Due from Fiduciary Funds	0	0	0
Due from Other Funds	463,607	0	463,607
Other Receivables, Net	82,751	959	83,710
Inventories	0	99,273	99,273
Prepaid Expenses	1,126,672	0	1,126,672
Capital Assets	179,378,564	1,038,589	180,417,153
Accumulated Depreciation	(85,809,405)	(932,218)	(86,741,623)
Other Assets	96,006	0	96,006
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to OPEB	831,651	0	831,651
Deferred amounts related to pensions	21,417,806	0	21,417,806
Total Assets	<u>\$ 134,885,429</u>	<u>\$ 1,394,473</u>	<u>\$ 136,279,902</u>
LIABILITIES			
Accounts Payable	\$ 529,820	\$ 42,333	\$ 572,153
Contracts and Retainage Payable	0	0	0
Intergovernmental Payables	0	0	0
Due to Other Funds	0	462,374	462,374
Due to Fiduciary Funds	0	0	0
Accrued Salaries and Benefits	4,899,203	0	4,899,203
Payroll Deductions and Withholdings	5,346,653	0	5,346,653
Accrued Interest Payable	120,534	0	120,534
Deferred Revenues	23,318	104,117	127,435
OPEB Liability	17,483,263	0	17,483,263
Net Pension Liability	135,576,000	0	135,576,000
General Obligation Bonds:			
Due Within One Year	6,830,000	0	6,830,000
Due After One Year	14,163,695	0	14,163,695
Accumulated Compensated Absences:			
Due Within One Year	50,000	0	50,000
Due After One Year	1,696,905	43,075	1,739,980
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to OPEB	2,912,137	0	2,912,137
Deferred amounts related to pensions	4,882,000	0	4,882,000
Total Liabilities	<u>194,513,528</u>	<u>651,899</u>	<u>195,165,427</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	72,575,464	0	72,575,464
Unrestricted	(132,203,563)	742,574	(131,460,989)
Total Net Position	<u>(59,628,099)</u>	<u>742,574</u>	<u>(58,885,525)</u>
Total Liabilities and Net Position	<u>\$ 134,885,429</u>	<u>\$ 1,394,473</u>	<u>\$ 136,279,902</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction:							
Regular Programs	\$ 52,530,730	\$ 257,832	\$ 6,820,197	\$ 0	\$ (45,452,701)	\$ 0	\$ (45,452,701)
Special Programs	10,614,618	0	0	0	(10,614,618)	0	(10,614,618)
Vocational and Educational Programs	1,106,843	0	0	0	(1,106,843)	0	(1,106,843)
Other Instructional Programs	1,470,666	0	0	0	(1,470,666)	0	(1,470,666)
Support Services:							
Pupil Personnel	3,282,677	0	0	0	(3,282,677)	0	(3,282,677)
Instructional Staff	4,877,613	0	0	0	(4,877,613)	0	(4,877,613)
Administration	5,633,048	0	0	0	(5,633,048)	0	(5,633,048)
Pupil Health	989,429	0	110,535	0	(878,894)	0	(878,894)
Business	661,047	0	0	0	(661,047)	0	(661,047)
Operation and Maintenance of Plant Services	6,021,518	64,210	0	0	(5,957,308)	0	(5,957,308)
Student Transportation Services	3,691,672	0	1,490,695	0	(2,200,977)	0	(2,200,977)
Central	807,988	0	0	0	(807,988)	0	(807,988)
Other Support Services	243,062	0	0	0	(243,062)	0	(243,062)
Operation of non-instructional Services	1,656,817	101,195	0	0	(1,555,622)	0	(1,555,622)
Amortization of Bond Issuance Costs, Premiums, and Discounts	(346,569)	0	0	0	346,569	0	346,569
Interest	1,450,105	0	1,074,483	0	(375,622)	0	(375,622)
Total Governmental Activities	94,691,264	423,237	9,495,910	0	(84,772,117)	0	(84,772,117)
Business-type Activities:							
Food Service	3,243,157	1,138,774	1,988,624	0	0	(115,759)	(115,759)
Total Primary Government	\$ 97,934,421	\$ 1,562,011	\$ 11,484,534	\$ 0	(84,772,117)	(115,759)	(84,887,876)
General Revenues:							
Taxes					65,975,567	0	65,975,567
Grants and Entitlements Not Restricted to Specific Programs					17,235,812	0	17,235,812
Investment Earnings					321,263	0	321,263
Miscellaneous Income					138,538	0	138,538
Total General Revenues					83,671,180	0	83,671,180
Change in Net Position					(1,100,937)	(115,759)	(1,216,696)
NET POSITION - BEGINNING					(58,527,162)	858,333	(57,668,829)
NET POSITION - ENDING					\$ (59,628,099)	\$ 742,574	\$ (58,885,525)

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

CENTRAL YORK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Capital Projects</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
ASSETS					
Cash	\$ 2,357,505	\$ 1,674,887	\$ 29	\$ 0	\$ 4,032,421
Investments	7,000,000	0	0	0	7,000,000
Taxes Receivable, Net	854,481	0	0	0	854,481
Interfund Receivables	463,607	0	0	0	463,607
Intergovernmental Receivables	5,410,875	0	0	0	5,410,875
Other Receivables, Net	82,751	0	0	0	82,751
Prepaid Expenses	1,126,672	0	0	0	1,126,672
Total Assets	<u>\$17,295,891</u>	<u>\$1,674,887</u>	<u>\$ 29</u>	<u>\$ 0</u>	<u>\$ 18,970,807</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 366,653	\$ 163,167	\$ 0	\$ 0	\$ 529,820
Contracts and Retainage Payable	0	0	0	0	0
Intergovernmental Payables	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Salaries and Benefits	4,899,203	0	0	0	4,899,203
Payroll Deductions and Withholdings	5,346,653	0	0	0	5,346,653
TOTAL LIABILITIES	<u>10,612,509</u>	<u>163,167</u>	<u>0</u>	<u>0</u>	<u>10,775,676</u>
DEFERRED INFLOWS OF RESOURCES					
Delinquent Real Estate Taxes	854,480	0	0	0	854,480
Federal Revenue	23,318	0	0	0	23,318
TOTAL DEFERRED INFLOWS OF RESOURCES	877,798	0	0	0	877,798
FUND BALANCES					
Committed - Capital Projects	0	1,511,720	29	0	1,511,749
Committed - Uniforms	30,000	0	0	0	30,000
Committed - PSERS	1,238,189	0	0	0	1,238,189
Unassigned	4,537,395	0	0	0	4,537,395
TOTAL FUND BALANCES	<u>5,805,584</u>	<u>1,511,720</u>	<u>29</u>	<u>0</u>	<u>7,317,333</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$17,295,891</u>	<u>\$1,674,887</u>	<u>\$ 29</u>	<u>\$ 0</u>	<u>\$ 18,970,807</u>

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

CENTRAL YORK SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Reserve	Capital Projects	Non-Major Funds	Total Governmental Funds
REVENUES					
Local Sources:					
Taxes	\$ 66,054,599	\$ 0	\$ 0	\$ 0	\$ 66,054,599
Charges for Services	359,027	0	0	0	359,027
Intermediary Sources	880,508	0	0	0	880,508
Investment Income	301,615	19,648	0	0	321,263
Miscellaneous Revenues	202,746	0	0	0	202,746
State Sources	24,206,733	0	0	0	24,206,733
Federal Sources	1,644,481	0	0	0	1,644,481
Total Revenues	93,649,709	19,648	0	0	93,669,357
EXPENDITURES					
Instruction:					
Regular Programs	43,656,775	0	0	0	43,656,775
Special Programs	10,614,618	0	0	0	10,614,618
Vocational Programs	1,106,843	0	0	0	1,106,843
Other Instructional Programs	1,470,666	0	0	0	1,470,666
Support Services:					
Pupil Personnel	3,282,677	0	0	0	3,282,677
Instructional Staff	4,866,061	0	0	0	4,866,061
Administration	5,603,228	0	0	0	5,603,228
Pupil Health	989,429	0	0	0	989,429
Business	661,047	0	0	0	661,047
Operation and Maintenance of Plant Services	5,992,332	0	0	0	5,992,332
Student Transportation Services	3,691,672	0	0	0	3,691,672
Central	807,988	0	0	0	807,988
Other Support Services	39,311	0	0	0	39,311
Operation of Non-instructional Services	1,682,373	0	0	0	1,682,373
Facilities Acquisition, Construction, and Improvement Services	0	345,786	0	0	345,786
Debt Services	7,992,520	0	0	0	7,992,520
Total Expenditures	92,457,540	345,786	0	0	92,803,326
Excess (Deficiency) of Revenues over Expenditures	1,192,169	(326,138)	0	0	866,031
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Refunding Bonds, Net Payment to Bond Escrow Agent to Refinance Bond, Net	0	0	0	0	0
Proceeds from Issuance of Bonds, Net	0	0	0	0	0
Refunds of Prior Year Revenue	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0
Refunds of Prior Year Expenditures	0	0	0	0	0
Operating Transfers In	0	300,000	0	0	300,000
Operating Transfers Out	(300,000)	0	0	0	(300,000)
TOTAL OTHER FINANCING SOURCES (USES)	(300,000)	300,000	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	892,169	(26,138)	0	0	866,031
FUND BALANCES - BEGINNING	4,913,415	1,537,858	29	0	6,451,302
FUND BALANCES - ENDING	\$ 5,805,584	\$ 1,511,720	\$ 29	\$ 0	\$ 7,317,333

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

CENTRAL YORK SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

TOTAL GOVERNMENTAL FUND BALANCES \$ 7,317,333

**AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:**

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$179,378,564 and the accumulated depreciation is \$85,809,405. 93,569,159

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 854,480

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the funds.

Deferred outflows of resources related to pensions	21,417,806
Deferred inflows of resources related to pensions	(4,882,000)
Deferred outflows of resources related to OPEB	831,651
Deferred inflows of resources related to OPEB	(2,912,137)

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	(20,993,695)	
Accrued Interest on bonds	(120,534)	
Compensated Absences	(1,746,905)	(22,861,134)

Assets and Liabilities not reported in the funds:

G.O. Bond Prepaid Escrow Interest	96,006
Net Pension Liability	(135,576,000)
OPEB Liability	<u>(17,483,263)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (59,628,099)**

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

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 866,031
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE 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 as depreciation expense.		
This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays	414,035	
Depreciation Expense	<u>(4,808,778)</u>	(4,394,743)
Bond issue costs are recorded as an expense in governmental funds on the Statement of Activities only		
		0
General obligation premiums are included in the General Obligation Bonds on the Statement of Net Position. The premiums are amortized over the life of the Bonds and the expense is included on the Statement of Activities only.		
		606,701
Governmental funds report bond prepaid escrow interest costs as expenditures.		
However, in the statement of activities, the cost of those assets is amortized over the life of the related bond. This is the amount by which prepaid escrow interest costs amortization was recorded in the statement of activities and not in governmental funds.		
		(260,131)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		6,510,000
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense.		
District pension contributions		13,906,403
Cost of pension benefits earned, net of employee contributions		(17,060,325)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.		
		32,415
In the statement of activities, OPEB(Other Post-Employment Benefits) represents contractually required obligations that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(894,008)
In the statement of activities, compensated absences represents contractually required obligations that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(334,248)
Because some taxes will not be collected for several months after the School District's year-end, they are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.		
		<u>(79,032)</u>
Change in Net Position of Governmental Activities		<u>\$ (1,100,937)</u>

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

CENTRAL YORK SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local Sources:				
Taxes	\$ 65,725,797	\$ 66,790,964	\$ 66,054,599	\$ (736,365)
Charges for Services	730,000	730,000	359,027	(370,973)
Intermediary Sources	650,000	650,000	880,508	230,508
Investment Income	300,000	300,000	301,615	1,615
Miscellaneous	376,400	376,400	202,746	(173,654)
State Sources	24,218,260	23,153,093	24,206,733	1,053,640
Federal Sources	760,680	760,680	1,644,481	883,801
Total Revenues	92,761,137	92,761,137	93,649,709	888,572
EXPENDITURES				
Regular Programs	42,127,006	43,307,006	43,656,775	(349,769)
Special Programs	11,732,633	10,678,633	10,614,618	64,015
Vocational Education Programs	1,118,000	1,103,000	1,106,843	(3,843)
Other Instructional Programs - Elementary/Secondary	1,467,029	1,396,029	1,457,748	(61,719)
Adult Education	22,770	22,771	12,918	9,853
Pupil Personnel	3,500,238	3,460,238	3,282,677	177,561
Instructional Staff	4,330,593	4,330,593	4,866,061	(535,468)
Administration	5,752,560	5,752,560	5,603,228	149,332
Pupil Health	1,046,997	1,046,997	989,429	57,568
Business	677,632	677,632	661,047	16,585
Operation and Maintenance of Plant Services	6,265,597	6,265,597	5,992,332	273,265
Student Transportation Services	3,811,159	3,811,159	3,691,672	119,487
Central	868,963	868,963	807,988	60,975
Other Support Services	60,000	60,000	39,311	20,689
Student Activities	1,570,724	1,570,723	1,470,614	100,109
Community Services	303,058	303,058	211,759	91,299
Debt Service	8,000,000	8,000,000	7,992,520	7,480
Total Expenditures	92,654,959	92,654,959	92,457,540	197,419
Excess (Deficiency) of Revenues Over Expenditures	106,178	106,178	1,192,169	1,085,991
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	0	0	0	0
Other Sources	0	0	0	0
Refunds of Prior Year Revenue	0	0	0	0
Sale of Fixed Assets	0	0	0	0
Operating Transfers Out	(300,000)	(300,000)	(300,000)	0
Budgetary Reserve	0	0	0	0
Total Other Financing Uses	(300,000)	(300,000)	(300,000)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(193,822)	(193,822)	892,169	1,085,991
FUND BALANCE - BEGINNING			4,913,415	
FUND BALANCE - ENDING			\$ 5,805,584	

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

CENTRAL YORK SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Fund Food Service</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,087,831
Investments	0
Interfund Receivables	0
Intergovernmental Receivables	100,039
Other Receivables	959
Prepaid Expenses	0
Inventories	99,273
	1,288,102
Total Current Assets	1,288,102
CAPITAL ASSETS	
Capital Assets	1,038,589
Accumulated Depreciation	(932,218)
	106,371
Total Capital Assets, Net	106,371
Total Assets	\$ 1,394,473
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 42,333
Interfund Payables	462,374
Accrued Salaries and Benefits	0
Accumulated Compensated Absences	43,075
Deferred Revenues	104,117
	651,899
Total Liabilities	651,899
NET POSITION	
Invested In Capital Assets, Net of Related Debt Unrestricted	742,574
Total Net Position	742,574
Total Liabilities and Net Position	\$ 1,394,473

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

CENTRAL YORK SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Business-Type Activities - Enterprise Fund Food Service
OPERATING REVENUES	
Food Service Revenues	\$ 1,138,774
OPERATING EXPENSES	
Salaries and Wages	1,053,504
Employee Benefits	660,696
Purchased Property Service	28,902
Purchased Professional and Technical Services	0
Supplies	1,446,012
Depreciation	18,787
Other Purchased Service	2,369
Other Operating Expenses	32,887
Total Operating Expenses	3,243,157
Operating Income (Loss)	(2,104,383)
NONOPERATING REVENUES (EXPENSES)	
State Sources	283,393
Federal Sources	1,705,231
Investment Earnings	0
Total Nonoperating Revenues (Expenses)	1,988,624
Changes in Net Position	(115,759)
NET POSITION - BEGINNING	858,333
NET POSITION - ENDING	\$ 742,574

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

CENTRAL YORK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from User Charges	\$ 1,178,434
Cash Paid to Suppliers	(1,698,958)
Cash Paid to Employees	<u>(2,226,341)</u>

Net Cash Provided by (Used for) Operating Activities (2,746,865)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Federal Subsidies	1,646,170
State Subsidies	<u>283,393</u>

Net Cash Provided by (Used for) Non-Capital Financing Activities 1,929,563

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Expenditures	<u>0</u>
----------------------	----------

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Investments	
Sales of Investments	
	<u>-</u>

Net Cash Provided by (Used for) Investing Activities -

Net Increase (Decrease) in Cash (817,302)

CASH - BEGINNING 1,905,133

CASH - ENDING \$ 1,087,831

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	\$ (2,104,383)
-------------------------	----------------

Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided
by (Used for) Operating Activities:

Depreciation	18,787
Changes in Assets and Liabilities:	
(Increase) Decrease in Due from Other Funds	(678,507)
(Increase) Decrease in Other Receivables	(1,403)
(Increase) Decrease in Inventories	(31,520)
(Increase) Decrease in Prepaid Expenses	0
(Increase) Decrease in Other Current Assets	0
Increase (Decrease) in Accounts Payable	(6,144)
Increase (Decrease) in Accrued Salaries and Benefits	0
Increase (Decrease) in Due to Other Funds	0
Increase (Decrease) in Deferred Revenue	41,063
Increase (Decrease) in Accumulated Compensated Absences	0
Increase (Decrease) in Other Long-Term Liabilities	<u>15,242</u>

Net Cash Provided by (Used for) Operating Activities \$ (2,746,865)

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

CENTRAL YORK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	Agency
ASSETS	
CURRENT ASSETS	
Cash	\$ 154,723
Due From Other Funds	0
Other Receivables	4,889
Total Assets	\$ 159,612
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 0
Due to Other Funds	1,233
Due to Students	158,379
Total Liabilities	159,612
NET POSITION	0
TOTAL LIABILITIES AND NET POSITION	\$ 159,612

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

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - NATURE OF OPERATIONS

Central York School District (School District) operates a public school system located in York, Pennsylvania. It is a school district of the third-class based on its population and is comprised of elementary, middle and secondary schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with, or contradict, GASB pronouncements. The most significant of the School District's accounting policies are described below.

Reporting Entity

In evaluating the School District as a reporting entity, management has addressed all potential component units for which the School District may or may not be financially accountable, and as such, are includable within the District's financial statements. In accordance with GASB Statement 14, the School District is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose financial burden on, the School District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. The School District has no component units.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

1. Governmental Funds

Governmental Funds are those through which most governmental functions of the School District are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

a. General Fund

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenue is primarily derived from local property taxes, earned income taxes and state and federal subsidies. Many of the more important activities of the School District, including instruction, administration of the School District and certain noninstructional services, are accounted for in this fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

b. Capital Reserve Fund

This fund is authorized by P. L. 145, Act of April 30, 1943, known as Section 2932, School Laws of Pennsylvania, and accounts for monies transferred during any fiscal year from appropriations.

c. Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, (other than those financed by Proprietary Funds, Special Assessment Funds and Trust Funds).

d. Debt Service Fund

This fund is used to account for the accumulation of resources for, and payment of, interest and principal on debt of the School District.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

2. Proprietary Fund

Proprietary Funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The focus of proprietary funds is on the determination of net earnings and capital maintenance.

Enterprise Funds

Enterprise funds are those intended to account for services to third-parties by way of user charges for the services provided. The following fund is utilized:

Food Service Fund

This fund accounts for all revenues and expenses pertaining to cafeteria operations as authorized under Section 504 of the Public School Code of 1949. It is the intent of the governing body that the cost of providing food goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

3. Fiduciary Funds

This fund is used to account for assets held by the School District as trustee agent. The School District excludes these activities from the District-wide financial statements because it cannot use those assets to finance its operations.

Agency Fund

This fund accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist with the explicit approval, and are subject to revocation, of the School District governing body. This accounting reflects the School District's agency relationship with the student activity organization.

Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenues. Unused donated commodities are reported as deferred revenues.

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

Cash and Investments

The School District has limited authority as to the types of allowable investments. Cash consists of cash on hand and checking, savings and money market account balances. Investments consist of certificates of deposit, U. S. Treasury Securities, Federal Home Loan Mortgage and Government National Mortgage Association securities and liquid assets funds, which are stated at market value.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Food Service Fund food inventories of \$99,273 includes food commodities donated by the federal government which are valued at estimated fair market value. Inventory in the Food Service Fund consists of expendable supplies held for consumption and government donated commodities. The expendable supplies are recorded as an expenditure when used. The Food Service Fund inventories are not offset by a fund balance reserve. The cost of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Bond Discounts and Premiums

Bond discounts and premiums are being amortized on the straight-line method over the term of the related obligation. Bond premiums and discounts are presented as increases or reductions to the General Obligation Bonds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized.

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

	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	N/A
Buildings and improvements	20 - 50 years	N/A
Furniture and equipment	5 - 15 years	5 - 10 years
Vehicles	10 years	N/A

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the School District.

GASB # 54 FUND BALANCE IMPLEMENTATION

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The following are committed fund balance:

	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Capital Project</u>
Technology Upgrades	\$ 0	\$ 0	\$ 0
Uniforms	30,000		
PSERS	1,238,189		
Capital Projects	<u> </u>	<u>1,511,720</u>	<u>29</u>
Total Committed Fund Balances:	<u>\$ 1,268,189</u>	<u>\$ 1,511,720</u>	<u>\$ 29</u>

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Business Manager.

Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The amount of the unassigned fund balance for Central York School District is \$4,537,395 for the year ended June 30, 2020.

Interfund Activity

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

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

1. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.
4. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding this program. These budgets are approved on a program-by-program basis by the state or federal funding agency.
5. Capital budgets are not implemented for capital improvements and capital projects in the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the Board prior to commitment thereby constructively achieving budgetary control.

GASB # 34 Implementation

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

A Management's Discussion and Analysis (MD & A) providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A change in the fund financial statements to focus on the major funds.

These changes are reflected in the accompanying financial statements (including notes to financial statements) as of June 30, 2020. The District has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, for the year ended June 30, 2020.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - CASH AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments and deposit accounts:

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 of Pennsylvania, 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.

CASH:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2020, \$5,720,977 of the District's bank balance of \$6,077,108 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution	5,720,977
Uninsured and collateral held by the pledging bank's trust department not in the District's name	0
	<u>\$ 5,720,977</u>

Reconciliation to Financial Statements:

Collateralized with securities held by the pledging financial institution	\$ 5,720,977
Plus: Insured Amount	356,131
Plus: Deposit in Transit	0
Less: Outstanding Checks	(803,223)
Carrying Amount - Bank Balances	<u>5,273,885</u>
Plus: Petty Cash	1,090
Total Cash per Financial Statements	\$ 5,274,975

Cash Summary per Respective Funds:

Statement of Net Position - Cash - Governmental Funds	\$ 4,032,421
Statement of Net Position - Cash - Proprietary Funds	1,087,831
Statement of Net Position - Cash - Fiduciary Funds	154,723
Total Cash per Financial Statements	\$ 5,274,975

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS:

Credit Risk - risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the actual ratings for each investment as of the end of the year:

Rating as of Year End from Standard & Poor's

<u>Investment Type</u>	<u>Amount</u>	<u>AAAm</u>
Pennsylvania Local Government Investment Trust	\$ 0	\$ 0
Pennsylvania School District Liquid Asset Fund	<u>7,000,000</u>	<u>7,000,000</u>
Total	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>

Concentration of Credit Risk - risk of loss attributed to the magnitude of an entity's investment in a single issuer. Disclosure occurs by issuer and amount investments in any one issuer that represent 5% or more of total investments for the entity:

<u>Investment Type</u>	<u>Amount</u>	<u>Percentage</u>
Pennsylvania Local Government Investment Trust	\$ 0	0%
Pennsylvania School District Liquid Asset Fund	<u>7,000,000</u>	<u>100%</u>
Total	<u>\$ 7,000,000</u>	<u>100%</u>

Interest Rate Risk - is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the entity's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Entity's investments by maturity:

Investment Maturities (In Years)

<u>Investment Type</u>	<u>Amount</u>	<u>Less than 1</u>	<u>1 - 5</u>
Pennsylvania Local Government Investment Trust	\$ 0	\$ 0	\$ 0
Pennsylvania School District Liquid Asset Fund	<u>7,000,000</u>	<u>7,000,000</u>	<u>0</u>
Total	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 0</u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - PROPERTY TAXES

Property taxes are levied on July 15. Taxes are collected at a discount until September 15, at their face amount from September 16 until November 15, and include a penalty thereafter. The taxes are billed by York County and are collected by elected tax collectors in North York Borough, Springettsbury Township, and Manchester Township. Delinquent real estate taxes are sent to York County for collection on December 31.

Revenue from local sources includes real estate taxes collected on a total assessed valuation of taxable real estate at July 1, 2019 in the amount of \$2,971,417,118 for the year ended June 30, 2020.

GASB # 77 TAX ABATEMENT

Central York School District entered into a property tax abatement agreement through the Local Economic Revitalization Tax Assistance (LERTA) program. LERTA was established to allow local taxing authorities to exempt improvements to a business property if such property is located in a deteriorated area. The local tax authority may provide for an exemption on the assessment attributable to the actual cost of the improvements or up to any maximum cost established by the municipal governing body. The local tax authority shall establish an exemption schedule not to exceed 10 years and shall specify the portion of improvements to be exempted each year. The District is in the fourth year of an agreement on a LERTA approved parcel. The land assessed value of the parcel was 1,465,230 which is taxed at 100%. The building assessed value is 22,156,000 and was taxed at 60 percent of assessed value for the year ending 6/30/20. The abatement amount for the 19/20 school year was \$270,259.

There was another LERTA Property in the District which is in the first year of an agreement. The land assessed value of the parcel was 3,134,930 which is taxed at 100%. The building assessed value is 21,208,630 and was taxed at 90 percent of assessed value for the year ending 6/30/20. The abatement amount for the 19/20 school year was \$388,054.

NOTE 5 - TAXES RECEIVABLE AND DEFERRED REVENUE

The School District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management. A portion of the net amount estimated to be collectible which was measurable and available within sixty days was recognized as revenue and the balance deferred in the fund financial statements.

Taxes receivable consist of the following as of:

	June 30, 2020				
	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real Estate Taxes	\$ 794,304	\$ 39,715	\$ 754,589	\$ 0	\$ 754,589
Interims	99,892	0	99,892	0	99,892
	<u>\$ 894,196</u>	<u>\$ 39,715</u>	<u>\$ 854,481</u>	<u>\$ 0</u>	<u>\$ 854,481</u>

The School District collects property taxes, earned income taxes and other taxes and fees primarily from taxpayers located in the following municipalities in York County, Pennsylvania: Manchester Township; North York Borough; and portions of Springettsbury Township.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - DUE FROM (TO) OTHER FUNDS AND TRANSFERS

Due from (to) other funds consists of the following as of:

	June 30, 2020	
Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General	\$ 463,607	\$ 0
Athletic Fund	0	0
Capital Reserve	0	0
Business-type Activities:		
Food Service Fund	0	462,374
Fiduciary Funds	0	1,233
	\$ 463,607	\$ 463,607

Transfers consist of the following for the year ended:

	June 30, 2020	
Fund	Operating Transfers In	Operating Transfers Out
General Fund	\$ 0	\$ 300,000
Athletic Fund	0	0
Capital Projects	0	0
Capital Reserve Fund	300,000	0
	\$ 300,000	\$ 300,000

NOTE 7 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of the following as of:

	June 30, 2020		
	General Fund	Food Service	Total
Local Governments	\$ 1,416,061	\$ 28,389	\$ 1,444,450
State Subsidies	3,239,050	0	3,239,050
Federal Subsidies	755,764	71,650	827,414
	\$ 5,410,875	\$ 100,039	\$ 5,510,914

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2020:

	Balances June 30, 2019	Additions	Retirements	Balances June 30, 2020
Governmental Activities:				
Land and site improvements	\$ 15,089,580	\$ 36,994	\$ 0	\$ 15,126,574
Buildings and building improvements	155,475,190	10,877	82,383	155,403,684
Machinery and equipment	8,509,860	366,165	27,719	8,848,306
Construction-in-progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	179,074,630	414,036	110,102	179,378,564
Accumulated depreciation	<u>(81,110,729)</u>	<u>(4,808,778)</u>	<u>(110,102)</u>	<u>(85,809,405)</u>
	<u>\$ 97,963,901</u>	<u>\$ (4,394,742)</u>	<u>\$ 0</u>	<u>\$ 93,569,159</u>
Business-Type Activities:				
Machinery and equipment	\$ 1,038,589	\$ 0	\$ 0	\$ 1,038,589
Accumulated depreciation	<u>(913,431)</u>	<u>(18,787)</u>	<u>0</u>	<u>(932,218)</u>
	<u>\$ 125,158</u>	<u>\$ (18,787)</u>	<u>\$ 0</u>	<u>\$ 106,371</u>

Depreciation expense was charged to governmental functions for the year ended:

	June 30, 2020
Regular programs	\$ 4,491,777
Instructional staff	11,552
Administration	29,820
Operation and maintenance of plant services	97,434
Student Activities	<u>178,195</u>
	<u>\$ 4,808,778</u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - LONG-TERM DEBT

The School District's long-term debt consists of the following obligations:

General Obligation Bonds

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power of the School District.

General Obligation Bonds consist of the following as of:

	<u>June 30,</u> <u>2020</u>
General Obligation Bonds - Series of 2013; .30% to 2.00%; due in annual installments through 2019	\$ 0
General Obligation Bonds - Series of 2014; .30% to 1.35%; due in annual installments through 2019	0
General Obligation Bonds - Series of 2016; .75% to 5.00%; due in annual installments through 2019	15,300,000
General Obligation Bonds - Series of 2017; 1.00% to 4.00%; due in annual installments through 2022	5,055,000
	<u>\$20,355,000</u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Compensated Absences

Accumulated compensated absences represent the earned vacation and sick pay as of June 30, 2020 for full-time instructional and non-instructional employees. Sick leave accumulates on an annual basis. Upon retirement, eligible employees are paid an established rate per day depending upon their classification. In addition, administrators can receive a retirement benefit based on the number of years of service to the School District. A liability of \$1,789,980 has been recorded in the Governmental Activities, representing the School District's commitment to fund such costs from future operations.

Summary of Changes in Long-Term Debt

Changes in long-term debt consists of the following for year ended June 30, 2020:

	<u>Balances June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2020</u>
General Obligation				
Bonds	\$ 26,865,000	\$ 0	\$ 6,510,000	\$ 20,355,000
Net bond premium/disc.	<u>1,245,396</u>	<u>0</u>	<u>606,701</u>	<u>638,695</u>
	28,110,396	0	7,116,701	20,993,695
Compensated absences	<u>1,440,491</u>	<u>349,489</u>	<u>0</u>	<u>1,789,980</u>
	<u><u>\$ 29,550,887</u></u>	<u><u>\$ 349,489</u></u>	<u><u>\$ 7,116,701</u></u>	<u><u>\$ 22,783,675</u></u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - PENSION PLAN

1. Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description

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

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-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 members' final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Death benefits are payable upon 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 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

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLAN (CONTINUED)

members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T - C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who are active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (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 members qualifying compensation. All new hires after June 30, 2011, who elect Class T - F membership, contribute at 10.3% (base rate) of the members 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%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2020 was 33.45% 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 \$13,906,403 for the year ended June 30, 2020.

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

At June 30, 2020 the School reported a liability of \$135,576,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2019, the School's proportion was .2898%, which was an increase of .0053 from its proportion measured as of June 30, 2018 which was .2845%.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the District recognized pension expense of \$16,438,000. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	747,000	4,494,000
Net difference between projected and actual investment earnings	0	388,000
Changes in proportions	4,540,000	0
Changes in assumptions	1,296,000	0
Difference between employer contributions and proportionate share of total contributions	928,403	0
Contributions subsequent to the measurement date	<u>13,906,403</u>	<u>0</u>
	21,417,806	4,882,000

\$13,906,403 reported as deferred outflows of resources related to pensions resulting from School 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:

Year ended June 30:

2020	2,972,000
2021	(774,000)
2022	(737,000)
2023	239,000

Actuarial assumptions

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

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

The Investment Rate of Return was adjusted from 7.50% to 7.25%.

The inflation assumption was decreased from 3.0% to 2.75%.

Salary growth changed from an effective average of 5.50%, which comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to 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.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLAN (CONTINUED)

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For Disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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 assumption used in the June 30, 2017 valuation were based on the experience study that was performed for the five-year period ending June 30, 2016. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

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

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

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

Sensitivity of the School's Proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 - PENSION PLAN (CONTINUED)

Discount rate

The discount rate used to measure 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 School's proportionate share of the net pension liability to changes in the discount rate

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>6.25%</u>	<u>Rate</u>	<u>8.25%</u>
	<u>7.25%</u>	<u>7.25%</u>	<u>8.25%</u>
School's proportionate share of the net pension liability	<u>168,875,000</u>	<u>135,576,000</u>	<u>107,380,000</u>

Pension plan fiduciary net position

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

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 - POST EMPLOYMENT BENEFITS

In accordance with labor contracts and board policy, the School District provides health care benefits for eligible professional and administrative retirees through the Lincoln Benefit Trust. Eligibility to receive benefits is based on reaching normal retirement age and years of service. The School District recognizes the cost of providing these benefits as expenditures as the monthly payments are due. The cost of these benefits amounted to \$68,486 during the fiscal year ended June 30, 2020. Approximately ten retirees receive benefits under this plan.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The School District is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably to the District.

Operating Leases

The School District leases various equipment for terms varying from one year to five years. Rental expense from these leases amounted to \$141,955 for the year ended June 30, 2020. Future minimum lease payments required under operating leases with terms greater than one year are as follows as of June 30:

2021	\$	89,786
2022		68,340
2023		2,352

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - SPECIAL SCHOOLS

The School 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 their individual school district board of education.

The School District participates as one of twenty-seven school entities in Lincoln Intermediate Unit No. 12 (LIU). The LIU is a regional education service entity which provides services for special education students.

The School District participates as one of nine member school districts in the operation of the York County High School. The high school was established to provide drop-outs from participating school districts an opportunity to acquire a high school diploma. York County High School is controlled by a board comprised of one elected board member from each participating district.

Expenditures paid to special schools are reflected as instruction expenditures in the General Fund and consist of the following for the year ended:

	<u>June 30, 2020</u>
York County School of Technology	\$ <u>1,230,192</u>
Lincoln Intermediate Unit No. 12	\$ <u>2,252,432</u>
York Adams Academy	\$ <u>71,400</u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - OTHER INFORMATION

Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District is insured against these risks by the purchase of commercial insurance to cover any reasonable loss.

Lincoln Benefit Trust

The School District is a member of Lincoln Benefit Trust. The trust is a claims servicing pool which pays claims for hospital benefits, medical coverage for physicians' services, certain dental coverage, major medical coverage and certain other benefits submitted by employees of the seventeen participating School Districts. Each participating employer contributes to the trust amounts determined by actuarial principles which will be adequate to cover annual claim costs, operating costs and reserves sufficient to provide stated benefits.

Because Lincoln Benefit Trust acts as a claim-servicing pool, the School District remains responsible for the economic risk of providing stated benefits to employees. However, claims incurred between \$50,000 and \$150,000 are paid from the Trust minipool. Claims incurred for \$150,000 to \$2,000,000 are paid from a stop loss insurance policy purchased by the Trust.

Under provisions of GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School District must record a liability for claims when the loss is probable, it can be reasonably estimated and it exceeds cumulative contributions. The contingent liability, if any, cannot be fully determinable until such time that the School District withdraws from the trust. As of June 30, 2020, a liability is not required because the School District's cumulative contributions to the Trust exceed the accrued and incurred claims.

Changes in net assets for the School District's account were as follows for the year ended:

	June 30, 2020
Net assets - July 1, 2019	\$ 2,687,951
Contributions and interest income	8,917,789
Claims paid	(7,438,011)
Stop-loss insurance pool premium	(683,034)
Pa. trust refund	48,412
Pa. trust premium	(356,135)
Stop-loss pool reimbursement	951,156
Pa. Trust Reimbursement	5,786
Other deductions	(17,385)
Administrative fees	(410,700)
Net assets - June 30, 2020	\$ 3,705,829

Overall, the Lincoln Benefit Trust had net assets of \$94,631,519 at July 1, 2019 and \$99,063,582 at June 30, 2020, which resulted in an increase in net assets of \$4,432,063. Financial Statements for Lincoln Benefit Trust are available at the School District.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN

The Central York School District Postemployment Benefits plan is administered by Lincoln Benefit Trust. This Trust is a cost-sharing multiple-employer plan which issues its own financial report.

Summary of Plan Provisions:

<u>Group</u>	<u>Eligibility</u>	<u>Coverage and Premium Sharing</u>	<u>Duration</u>
Administrators	ACT 110/43 or must be eligible for PSERS Disability	<p>Coverage: Medical, Dental and Prescription Drug</p> <p>Premium Sharing: For Dental, member pays full premium. For medical and prescription, the district contributions are based on the member's service level. The district will pay the single coverage premium for Medical and Prescriptions Drug for the greater of 4 months for each year of service as an administrator up to a maximum of 120 months or 1 year for every 5 years of total service in district. During this period, the member will pay the insurance carrier \$100 per month and pay any difference in the premium for the two-party and family coverage. After the period of paid benefits by the district, the member must pay the full premium for Medical and Prescription Drug.</p> <p>Dependents: Spouse and Family included</p>	<p>If spouse is not covered, coverage ceases at the later of member reaching Medicare age and the end of the period of paid benefits by the District. Coverage ceases upon member death if earlier than above.</p> <p>If spouse is covered, coverage ceases at latest of member reaching Medicare age, spouse reaching Medicare age, and the end of the period of paid benefits by the district. Coverage ceases upon member death if earlier than above.</p>
Teachers	ACT 110/43 or must be eligible for PSERS Disability	<p>Coverage: Medical, Dental and Prescription Drug</p> <p>Premium Share: For Dental, member pays the full premium. For medical and Prescription Drug, the district contributions are based on the member's service level.</p> <p><u>Less than 20 years of service w/District</u> The member must pay the full premium for medical and prescription drug.</p>	<p>If spouse is not covered, coverage ceases at the later of member reaching Medicare age and the end of the period of paid benefits by the District. Coverage ceases upon member death if earlier than above.</p>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Summary of Plan Provisions:

<u>Group</u>	<u>Eligibility</u>	<u>Coverage and Premium Sharing</u> <u>Between 20 and 30 years of service</u> <u>w/District</u>	<u>Duration</u>
		<p>The district will pay the single coverage premium for Medical and Prescription Drug for up to 2 years. During this period the member will pay the insurance carrier \$100 per month and pay any difference in the premium for the two-party and family coverage. After the period of paid benefits by the district, the member must pay the full premium for Medical and Prescription Drug.</p>	<p>If spouse is covered, coverage ceases at latest of member reaching Medicare age, spouse reaching Medicare age, and the end of the period of paid benefits by the district. Coverage ceases upon member death if earlier than above.</p>
		<p style="text-align: center;"><u>More than 30 years service w/District</u></p> <p>The district will pay the single coverage premium for Medical and Prescription Drug for up to 3 years. During this period the member will pay the insurance carrier \$100 per month and pay any difference in the premium for the two-party and family coverage. After the full period of paid benefits by the district, the member must pay the full premium for Medical and Prescription Drug.</p>	
Support Staff and Non-Professional Staff	ACT 110/43 or must be eligible for PSERS Disability	<p>Coverage: Medical, Dental and Prescription Drug</p> <p>Premium Sharing: The member must pay the full premium for Medical, Dental and Prescription Drug.</p> <p>Dependents: Spouse and Family included</p>	<p>If spouse is not covered, coverage ceases upon member reaching Medicare age. Coverage ceases upon member death if earlier.</p> <p>If spouse is covered, coverage ceases at later of member reaching Medicare age and spouse reaching Medicare age, Coverage ceases upon member death if earlier than above.</p>

Actuarial Assumptions and Methods

Interest Rate

3.36%

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.

Withdrawal

Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

Mortality

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

Disability

No disability was assumed.

Retirement

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

<u>Age 55 & 25 years of service</u>			<u>Superannuation</u>	
Age	Male	Female	Male	Female
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Percent of Eligible retirees Electing Coverage in Plan

100% of Administrators, 90% of Teachers and 75% of the Support Staff are assumed to elect coverage. Those paying the full premium are assumed to cease coverage upon reaching Medicare Eligibility.

Percent married at Retirement

25% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

Making use of weighted averages for various plan designs, per capita cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets.

Dental costs are assumed to equal the premium. The resulting costs are as follows:

Age	Medical and Rx Combined	
	Males	Females
45-49	\$ 7,166	\$ 10,349
50-54	9,490	11,696
55-59	11,559	12,239
60-64	15,084	14,059
65+	7,403	7,403

Retiree Contributions

Retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term reserve applications.

Health Care Cost Trend Rate

6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

Equal to the Market Value of Assets

Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Plan Participant Information

Based on census information as of July 2019.

Demographic Information

Active Participants	634
Vested Former Members	0
Retired Participants	36
Total	<u>670</u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

COST SHARING MULTIPLE- EMPLOYER DEFINED BENEFIT OPEB PLAN

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost-sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 1/2 or more years of service or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Plan Description

PSERS is a governmental cost-sharing 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 included all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues publicly available financial report that can be obtained at www.psers.state.pa.us.

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Benefits Provided

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$0 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$6,164,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was .2898 percent, which was an increase of .0053 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expense of \$346,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	35,000	
Net difference between projected and actual investment earnings	11,000	
Changes in proportions	223,000	
Changes in assumptions	204,000	183,000
	<u>473,000</u>	<u>183,000</u>

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

\$ 0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:	
2020	45,000
2021	45,000
2022	43,000
2023	42,000
2024	77,000
Thereafter	37,000

3. Actuarial Assumptions

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

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

Participation rate:

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation method: Market Value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	13.2%	0.20%
US Core Fixed Income	83.1%	1.00%
Non-US Developed Fixed	3.7%	0.00%
	100.0%	

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

Discount Rate

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

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

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

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

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

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
School's proportionate share of the net pension liability	7,022,000	6,164,000	5,452,000

Pension plan fiduciary net position

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

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Single Employer Defined Benefit OPEB Plan

The District's other post-employment benefits (OPEB) include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependent. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system.

Funding Policy

The District's contributions are funded on a pay-as-you go basis.

OPEB Liability

The District's change in its OPEB liability for the year ended June 30, 2020 was as follows

Balances as of July 1, 2019		12,790,082
Service Cost		933,567
Interest on total OPEB liability		403,625
Benefit payments		(330,770)
Changes of Assumptions		(30,872)
Differences between Expected and Actual Experience		(2,520,298)
Changes of Benefit Terms		103,929
Net Charges		(1,440,819)
Balances as of June 30, 2020		11,349,263
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		2,695,145
Net difference between projected and actual investment earnings		
Changes in proportions		
Changes in assumptions	30,139	33,992
Benefit payments subsequent to the Measurement Date	328,512	
	358,651	2,729,137

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

<u>Year Ended June 30:</u>	
2021	(230,601)
2022	(230,601)
2023	(230,601)
2024	(230,601)
2025	(230,601)
Thereafter	(1,545,993)

CENTRAL YORK SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

The following presents the OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
OPEB liability	9,902,736	11,349,263	13,073,813

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability for June 30, 2019, calculated using the discount rate of 3.36%, as well as what OPEB liability would be if the discount rate were 1-percentage point lower(2.36%) or 1-percentage point higher(4.36%) than the current rate:

	1% Decrease	Current Discount Rate	1% increase
	2.36%	3.36%	4.36%
OPEB liability	12,296,209	11,349,263	10,458,797

NOTE 16 - SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through the date of the audit report. No subsequent events were noted.

CENTRAL YORK SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability (asset)	28.9800%	28.4500%	0.2788%	0.2755%	0.2671%	0.2715%
District proportionate share of the net pension liability (asset)	135,576,000	136,574,000	137,695,000	136,529,000	115,695,000	107,462,000
District's covered-employee payroll	39,968,207	38,318,962	37,123,158	35,674,053	34,365,731	34,640,742
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	339.21%	356.41%	370.91%	382.71%	336.66%	310.22%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

Amounts were determined as of the cost-sharing plan's June 30, 2020 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

CENTRAL YORK SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS PENSION PLAN
YEAR ENDED JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	12,977,928	12,072,000	10,664,000	8,764,862	6,896,826	6,876,923
Contributions in relation to the contractually required contribution	<u>12,977,928</u>	<u>12,072,000</u>	<u>10,664,000</u>	<u>8,764,862</u>	<u>6,896,826</u>	<u>6,876,923</u>
Contribution deficiency (excess)	0	-	-	-	-	-
District's covered-employee payroll	39,968,207	38,318,962	37,123,158	35,674,053	34,365,731	34,640,742
Contributions as a percentage of covered-employee payroll	32.47	31.50	28.73	24.57	20.07	19.85

Amounts were determined as of the cost-sharing plan's June 30, 2020 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

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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**

Board of Education
Central York School District
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 Central York School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Central York School District
York, Pennsylvania

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central York School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 21, 2020

KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Central York School District
York, Pennsylvania

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Board of Education
Central York School District
York, Pennsylvania

Opinion on Each Major Federal Program

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

Internal Control Over Compliance

The management of Central York School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central York School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Central York School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central York School District's internal control over compliance.

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

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

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

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 21, 2020

CENTRAL YORK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FOOD NUTRITION SERVICE
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Project Title	Source Code	Federal CFDA Number	Pass-Through Grantor's No.	Grant Period Begin	Grant Period End	Program Or Award Amt.	Total Rec. For Year 6/30/2020	Accrued/ (Deferred) Revenue 07/01/19	Revenue Recognized	Expenditures	Accrued/ (Deferred) Revenue 06/30/20	
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH PA DEPARTMENT OF EDUCATION:												
Title I	8514	I	84.010	013-200075	07/01/19	09/30/20	649,893	280,162	0	649,893	649,893	369,731
Title I	8514	I	84.010	013-190075	07/01/18	09/30/19	637,424	342,381	(274,738)	617,119	617,119	0
Title I	c/o	I	84.010	013-180075	07/01/17	09/30/18	731,307	50,867	57,713	(6,846)	(6,846)	0
Sub-total Title I								673,410	(217,025)	1,260,166	1,260,166	369,731
Title II Improving Tch Qual	8515	I	84.367	020-200075	07/01/19	09/30/20	142,297	63,645	0	95,918	95,918	32,273
Title II Improving Tch Qual	8515	I	84.367	020-190075	07/01/18	09/30/19	147,508	38,892	518	51,338	51,338	12,964
Title II Improving Tch Qual	8515	I	85.367	020-180075	07/01/17	09/30/18	173,243	0	1,331	(1,331)	(1,331)	0
Sub-total Title II								102,537	1,849	145,925	145,925	45,237
Title III Lang. Inst LEP/Immig.	8516	I	84.365	010-200075	07/01/19	09/30/20	19,806	8,488	0	19,806	19,806	11,318
Title III Lang. Inst LEP/Immig.	8516	I	84.365	010-190075	07/01/18	09/30/19	22,256	6,070	12,140	(6,070)	(6,070)	0
Sub-total Title III								14,558	12,140	13,736	13,736	11,318
Title IV Student Supp & Aca	8517	I	84.424	144-200075	07/01/19	06/30/20	54,406	23,317	0	0	0	(23,317)
Title IV Student Supp & Aca	8517	I	84.424	144-190075	07/01/18	06/30/19	56,977	15,539	0	31,078	31,078	15,539
Title IV Student Supp & Aca	8517	I	84.424	144-180075	07/01/17	06/30/18	17,871	6,383	6,383	0	0	0
Sub-total Title IV								45,239	6,383	31,078	31,078	(7,778)
TOTAL PASSED THROUGH PA DEPARTMENT OF ED								835,744	(196,653)	1,450,905	1,450,905	418,508
PASSED THROUGH LIU #12												
Idea Part B: Handicapped	6831	I	84.027	062-12-012-1	07/01/19	06/30/20	773,523	773,523	0	773,523	773,523	0
Idea Sect 619	6831	I	84.173	062-12-012-1	07/01/19	06/30/20	10,560	10,560	0	10,560	10,560	0
Sub-total passed through LIU #12 Cluster Total								784,083	0	784,083	784,083	0
TOTAL U.S. DEPARTMENT OF EDUCATION								1,619,827	(196,653)	2,234,988	2,234,988	418,508
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES												
Passed through the Pennsylvania Department of Public Welfare:												
Medical Ass. Reimb. -Admin.	8820	I	93.778	044-007075	07/01/19	06/30/20	24,429	3,959	5,865	18,563	18,563	20,469
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH PA DEPARTMENT OF AGRICULTURE:												
Donated Commodities-												
National School Lunch Program	I	10.555	N/A	07/01/19	06/30/20	N/A	a	217,314	0	217,314	217,314	0
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH PA DEPARTMENT OF EDUCATION:												
National School Lunch Program												
- Federal - Summer Food	I	10.559	264	07/01/19	06/30/20	N/A		317,921	12,589	376,981	376,981	71,650
- Federal	I	10.555	362	07/01/19	06/30/20	N/A		866,658	0	866,658	866,658	0
- Federal - Ndy Brkfst	I	10.553	365	07/01/19	06/30/20	N/A		244,277	0	244,277	244,277	0
Sub-total U.S. Department of Agriculture - Cluster Total								1,646,170	12,589	1,705,231	1,705,231	71,650
TOTAL FEDERAL ASSISTANCE								3,269,956	(178,199)	3,958,782	3,958,782	510,627
State												
- State	I	N/A	510	07/01/19	06/30/20	N/A		62,983	0	62,983	62,983	0
- State - Brkfst-Needy	I	N/A	511	07/01/19	06/30/20	N/A		16,418	0	16,418	16,418	0
								79,401	0	79,401	79,401	0

CENTRAL YORK SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SCOPE

Central York School District, York County, Pennsylvania operates a high school, a middle school and five elementary schools.

The district received federal funds to operate the programs for the benefit of some of the students as detailed on the Schedule of Expenditures of Federal Awards, which covers the period from July 1, 2019 to June 30, 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District reports federal programs in its general purpose financial statements and on the Schedule of Expenditures of Federal Awards on the accrual basis.

NOTE 3 - REPORTING ENTITY

The Central York School District Board is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the Central York School District. The District receives funding from local, state and federal government sources and must comply with their accompanying requirements. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The reporting entity for Central York School District consists only of those funds, functions, and activities controlled by the School Board and required or allowed by State laws and regulations.

The financial statement of the School District includes all funds and activities that are controlled by or dependent on the School District. Control or dependence is determined on the basis of budget adoption, taxing authority, and funding and appointment of advisors.

NOTE 4 - FEDERAL AWARDS

Total Expenditures	\$ 4,038,183
Less: State Expenditures	<u>79,401</u>
Total Federal Expenditures	3,958,782
	<u>20%</u>
	<u>\$ 791,756</u>

Percentage of Coverage Rule

Central York School District falls under the 20% rule for testing federal programs.

Federal Program Tested

National School Lunch	\$ 866,658	
Breakfast	244,277	
Summer Food	376,981	
Donated Commodities	217,314	
Title I	1,260,166	
IDEA	784,083	
	<u>\$ 3,749,479</u>	95%

CENTRAL YORK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting:

Qualified Opinion on financial Statements

yes no

Material weaknesses identified?

yes no

Reportable conditions identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

yes no

Reportable conditions identified that are not considered to be material weaknesses?

yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

yes no

Identification of major programs:

CFDA Numbers(s)	Name of Federal Program
10.555	National School Lunch
10.553	Breakfast
10.555	Donated Commodities
10.559	Summer Food
84.010	Title I
84.027	IDEA
84.173	IDEA Sec. 619

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

Auditee qualified as low-risk auditee

yes no

Section II. Financial Statement Findings

No findings are reported

Section III. Federal Award Findings and Questioned Costs

No findings or questioned costs are reported

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Board of Education
Central York School District
York, Pennsylvania

December 21, 2020

Re: Management Letter

Board of Education:

We have completed our audit of Central York School District for the year ended June 30, 2020.

Tax Assessment Appeal:

An assessment appeal covering several prior tax years is ongoing by a taxpayer in the district. Since this is an ongoing appeal and has not yet reached a conclusion, any financial information regarding this appeal cannot be determined at this time.

We would like to take this opportunity to thank Brent Kessler, Kim Ansell and their staff for the cooperation and assistance we received during the course of our audit.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants