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**Derry Township School District  
Board of Directors Meeting  
February 8, 2021  
Summary Minutes – XV**

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**1. OPENING ITEMS**

**a. Call to Order**

**Minutes**

The meeting was called to order by Mr. Abel at 7:05 p.m. The meeting was conducted both in-person and virtually in keeping with Pennsylvania's COVID-19 mitigation efforts calling for limits on the number of participants at indoor gatherings.

**b. Roll Call**

**Minutes**

**Members in Attendance:** John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, and Tricia Steiner

**Members Absent:** None

**Non-Voting members in Attendance:** Michele Agee and Joe McFarland

**Student Board Members in Attendance:** Peter Barto and Carson Pedaci

**Staff/Public in Attendance In-Person:** Robert Bennett, Mike Frentz, Jen Hynes, Jason Reifsnyder, Erika Schmidt, Dave Sweigert, Dave Walker, Angela Weader, Stacy Winslow, and Dan Tredinnick

**Staff/Public in Attendance Virtually:** Omaira Ali, Kristen Arndt, Lisa Balanda, Carolyn Barbieri, Elizabeth Blosky, Matthew Bobenchik, Edward Brooks, Lorena Brown, Jill Cedenio, Misty Clements, Eliabeth Dahl, Staci Daugherty, Julie Erwin, Angela Farrell, Karen Fedash, Jennifer Fegley, Michael Foreman, J.G., Nancy Garver, Patsy Gilbert, Michelle Handley, Scott Harman, Jackie Henry, Laura Holton, Tabitha Hummer, Cindy Jackson, Megan Kenjora, Becky Matthews, Ashlee McCann, Chris Painter, Courtney Painter, Kelly Reigert, Ericka Schmidt, Jeff Schmidt, Stefanie Schramm, Stephanie Shaw, Emily Smith, Jamie Smith, Heidi Stine, Peggy Taylor, Dave Walker, Christine Weabee, Lisa Wiedeman, and Katey Wyckoff,

**Press in Attendance Virtually:** Monica von Dobeneck

**c. Flag Salute**

**d. Approval of Board of Directors Agenda**

Approval of the February 8, 2021 Derry Township School District Board of Directors Agenda.

**Minutes**

Following a motion by Mrs. Memmi and a second by Ms. Drew, the board agenda for this evening's meeting was approved.

*Vote Results*

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<b>Yea:</b>	9	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner
<b>Nay:</b>	0	
<b>Abstain:</b>	0	

Not  
Cast: 0

## 2. INFORMATIONAL AND PROPOSALS

### a. President Communications

#### Minutes

Mr. Abel announced the Board met in Executive Session prior to tonight's meeting to discuss the following:

- **Agency Business which, if conducted in public, would violate a lawful privilege or lead to disclosure of confidential information**
- **Consultation with attorney or other professional adviser**

### b. Recognition of Citizens (Agenda Items)

This is an opportunity for residents and taxpayers to address the Board on matters related to the agenda. Those who speak, if present, are asked to come to the microphone and state your name and address for the record. Those who are attending virtually, are asked to raise your virtual hand. In order to be recognized, you must have your first and last name typed into the live stream registration. Once recognized and un-muted, please state your name and address for the record. To provide other residents with an opportunity to speak, each speaker during the public comment portion is limited to five (5) minutes of speaking time once recognized and limited to one opportunity to address the Board during each of the public comment periods. If necessary, the Board may set a maximum time for the public comment portion of any meeting. This portion of the Board Meeting is for comments to the Board and is not a question and answer period. Those wishing to present private concerns or questions needing follow-up outside of the Board meeting may go to the District web site and submit a community correspondence.

#### Minutes

The following citizens were recognized by the board:

- None

### c. Standing Committee Meeting Report

#### Minutes

Dr. Cronin gave a report on the Curriculum Council Meeting that met prior to this evening's meeting and discussed the following:

- STEAM special discussion
- Removal of K-1 Library Special
- Name Change of course to Computer 6,7,8 to Digital Literacy 6,7,8
- Second approval for Piano course to return
- Name change of course Passion Driven Research to Connecting Passion and Purpose
- MS pilot blended learning for 21-22

- Elimination of Kindergarten wavier
- Removal of old Piano Course

Mr. Shaw gave a report on the Policy Committee that met prior to this evening's meeting and discussed the following:

- Five policies going to full board for approval
- Revisions to Student School Board Representative going to the full board for approval
- Revocation to archive of two policies that were superseded by newer policies

#### **d. Community Correspondence Report**

##### **Minutes**

Mr. Tredinnick reported that there were a total of ten submissions during the month of January.

#### **e. Recognition of New Extracurricular Activity/School Club**

In compliance with Policy 122 - Extracurricular Activities, the listed addition of the High School Student Club is recognized:

- Racial and Religious Relations Club

##### **Minutes**

The Board recognized the Racial and Religions Relations Club.

#### **f. Curriculum Update**

##### **Minutes**

HS: The Random Acts of Kindness Club is creating posters, works of art, and other items that will include a QR code. Later, hosting a Kahoot about celebrating Black history with prizes and fun. The theme is "More than a Month" to honor people of color more than just in February. It is a fluid bulletin board added to it as the school year progresses. Individual teachers and are looking at a variety of African Americans and their contributions and impact on U.S. History.

MS: Globally, the morning announcements are highlighting a "Person you should know" each day. Individually, teachers are doing a variety of things. Mr. Titzel is including an African-American contributor every day on his class Instagram - and on Superbowl Sunday highlighted 5 athletes that have broken barriers and contributed to football - including the first Black, female assistant coach in the NFL, Jennifer King.

Teachers are offering a Flocabulary contest in which students research and choose an under-recognized Black historical figure and write a rap about them.

Mrs. Lehman has created a writing choice board which allows students to choose from several writing opportunities. Among them are the Flocabulary contest, Jason Reynolds write-alike, Black Writers then and now: NewsELA text set response, and the 7th grade student council Black History Month Creative Arts Submission.

The 8th grade social studies curriculum is focused on the methods of creating change in a democratic society and is using the Civil Rights Movement as the model for how this can work. Students are completing a research project that focus on the Civil Rights Movement and the methods for creating change (litigation, legislation, education, innovation, revolution, etc.) and/or the types of change (reform, societal change).

Elementary: Teachers address Black History Month through their curricular areas, highlighting stories and events through the reading and social studies curriculum. Additionally, Mrs. Funck shared age-appropriate resources for teachers to use to expand upon the standard program resources. Among these are 10 Inspiring Black History Month Activities for Students, 13 Ways to celebrate Black History Month - Scholastic, and Black History Month Resources and Lesson Plans from the NEA.

**g. Student Representatives' Report**

As per Board Policy 004.1, the purpose of having two non-voting Student Representatives on the Board is to establish a communication link between the Board of School Directors and the student body of Hershey High School. The position will serve in presenting the students' viewpoints to the Board.

**Minutes**

Mr. Barto reported on the following:

- CARE Club raised \$350 through Chipotle fund raiser
- YAG Club meeting virtually, preparing for MODEL convention in Harrisburg
- Key Club continuing with Ronald McDonald Magazine Drive and Walk for Clean water preparations

Mr. Pedaci reported on the following:

- SAT Day for Juniors on March 24
- Course Selection February 12
- Brain Bee offers career opportunities utilizing study groups
- Mini-THON currently selling candy grams, Freshido fundraiser February 18th, food truck festival in March

**h. Anticipated Agenda Items for the Next Board of Directors Meeting**

The following items will be on the Agenda for the February 22, 2021 Public Board of Directors Meeting:

1. Approval of February 8, 2021 Board of Directors Summary Minutes
2. 2021-2022 Calendar Presentation
3. Personnel

**3. UNFINISHED BUSINESS**

**4. CONSENT AGENDA ITEMS**

The consent agenda contains routinely adopted items and items that normally do not require public deliberations on the part of the Board. A Board Member may pull items which will then be discussed and voted on separately.

**Minutes**

Following a motion by Mrs. Sicher and a second by Ms. Drew, the Consent Agenda items were approved.

*Vote Results*

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**Yea:** 9 John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner

**Nay:** 0

**Abstain:** 0

**Not Cast:** 0

**a. Approval of January 25, 2021 Summary Board of Directors Meeting Minutes - XIV**

**b. Approval of Hershey High School Athletic Hall of Fame Operations Committee Member**

The Administration recommends the approval of the listed Hershey High School Athletic Hall of Fame Operations Committee Member to fill the vacant spot left by the retirement of Linda O'Connor:

- Nicole Fisher

**c. Approval of Textbook**

The Administration recommends the approval of the following textbook for use in the 2020-2021 school year:

<b><i>High School</i></b>	
<b><i>Curricular Area:</i></b>	High School English
<b><i>Subject/Course:</i></b>	College Preparatory English 12: Creative Nonfiction
<b><i>Grade Level(s):</i></b>	12
<b><i>Title:</i></b>	Just Mercy
<b><i>Publisher:</i></b>	Spiegel & Grau
<b><i>Author:</i></b>	Bryan Stevenson
<b><i>Copyright:</i></b>	2014

The textbooks were reviewed and approved at the December 14, 2020 Curriculum Council meeting. The funding for the recommendation is included in the 2021-2022 Curriculum Budget.

**5. NEW BUSINESS**

**a. Approval of 2019-2020 Audit Report**

The Administration recommends the Board approve the 2019-2020 Audit Report prepared by the firm of Boyer and Ritter, LLC.

**Minutes**

Following a motion by Ms. Drew and a second by Mrs. Sicher, the 2019-2020 Audit Report prepared by the firm of Boyer and Ritter, LLC was approved.

*Vote Results*

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**Yea:** 9 John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner  
**Nay:** 0  
**Abstain:** 0  
**Not Cast:** 0

**b. Approval of Affiliation Agreement - Longwood University**

The Administration recommends the Board approve the Affiliation Agreement with the Derry Township School District and Longwood University effective February 8, 2021.

**Minutes**

Following a motion by Dr. Cronin and a second by Mrs. Memmi, the affiliation agreement between Derry Township School District and Longwood University, effective February 8, 2021 was approved.

*Vote Results*

---

**Yea:** 9 John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner  
**Nay:** 0  
**Abstain:** 0  
**Not Cast:** 0

**c. Change Orders - Trane, Elementary Chiller**

The Administration Recommends the Board Approve Trane change order - Elementary Chiller.

**Minutes**

Following a motion by Mrs. Memmi and a second by Dr. Cronin, Trane Elementary Chiller Change Orders were approved.

*Vote Results*

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**Yea:** 9 John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner  
**Nay:** 0  
**Abstain:** 0  
**Not Cast:** 0

**d. Personnel - Resignations**

The Administration recommends the approval of the following resignations:

**Professional:**

**Spataro, Kristi**

5th Grade Teacher

Intermediate Elementary School

Reason: Personal

Effective: No later than 03/26/2021

**Classified:**

**Hodges, Sandy**

Substitute Administrative Assistant

District-wide

Reason: Personal

Effective: 01/27/2021 (retroactive)

**Limited Service Contract:****Price, Brianna**

Head Varsity Field Hockey Coach

High School

Reason: Personal

Effective: 01/25/2021 (retroactive)

**Minutes**

Following a motion by Dr. Cronin and a second by Mrs. Sicher, the personnel - resignation items were approved.

*Vote Results*

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<b>Yea:</b>	9	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner
<b>Nay:</b>	0	
<b>Abstain:</b>	0	
<b>Not Cast:</b>	0	

**e. Personnel - General**

1. The Administration recommends the approval of the following appointments and recognition of the following transfers:

**Professional:****Peifer, Kimberlee** (replacing Marquis Jones)

Health/Physical Education Teacher

Elementary

Long-term Substitute

Bachelors, Step 1

Salary: \$52,994 (pro-rated)

Effective: 02/03/2021 (retroactive) through the end of the 2020-2021 school year

**Transfer of Professional:****Jones, Marquis\*** (new position)

From: Health/Physical Education Teacher

Elementary

To: Dean of Students

Elementary

Effective: 02/03/2021 (retroactive) through the end of the 2020-2021 school year

**Classified:****Fischer, Jean Marie\***

Substitute Food Service Worker



Food Service

Salary: \$12.02 per hour

Effective: 02/09/2021

**Transfer of Classified:**

**Ebersole, Roberta\*** (replacing La'Trisa Howard Caesar)

From: Food Service Worker

Food Services

To: Paraprofessional

Middle School

Level A: 5.25 hours per day

Salary: \$18.31 per hour

Effective: 02/04/2021 (retroactive)

**Vonada, Robert\*** (replacing Doug Moser)

From: Stockroom/Truck Driver

District-wide

To: Bus Driver

District-wide

Level A: 5.25 hours per day

Salary: \$21.74 per hour

Effective: 01/27/2021 (retroactive)

**Limited Service Contract:**

**Seymour, Tara\***

Mentor to Kimberlee Peifer, Health/Physical Education Teacher - LTS

Intermediate Elementary

Salary: \$500

Effective: 02/09/2021

**\*This individual is currently an employee. Clearances are on file.**

**Minutes**

Following a motion by Ms. Drew and a second by Mrs. Memmi, the personnel - general items were approved and transfers were recognized.

*Vote Results*

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<b>Yea:</b>	9	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner
<b>Nay:</b>	0	
<b>Abstain:</b>	0	
<b>Not Cast:</b>	0	

**6. DELEGATE REPORTS**

**a. CAIU**

**Minutes**

The CAIU report is attached to the agenda.

**7. SPECIAL REPORTS**

#### **a. Board Members' Report**

##### **Minutes**

A report was made by the following board members:

- Ms. Drew spoke to the PSBA webinar of Governor Wolf's budget proposal and pandemic relief funding.
- Dr. Shaw spoke to the District move to a full face to face learning environment for those who want it.
- Dr. Cronin implored the District to consider finding more instruction time for students.
- Mrs. Steiner spoke to the newly recognized student club; Racial and Religions Relations Club and shared appreciation for students Hana Gomma and Moriah Gethers.
- Mr. Singer spoke to recruiting and retaining diverse teachers.

#### **b. Superintendent's Report**

##### **Minutes**

Mr. McFarland gave a report that included the following:

- Communication to families is forth coming by early next week.
- Mr. McFarland spoke to Dr. Shaw's request indicating the article was referring to those districts that have been virtual since the start of the pandemic

#### **c. Board President's Report**

##### **Minutes**

Mr. Abel gave a report to express the following:

- None

### **8. RECOGNITION OF CITIZENS**

This is an opportunity for residents and taxpayers to address the Board on matters related to the agenda or matters of District Governance not on the agenda. Those who speak are asked to follow the same guidelines outlined at the initial public comment portion of our meeting.

##### **Minutes**

The following citizens were recognized by the board:

- Erika Schmidt
- Angela Weader
- Jen Hynes
- Karen Fedash
- Edward Brooks
- Carolyn Barbieri

Regarding:

- Request to have students back fulltime to the buildings soon.

- Prepare a plan to bring students back and address the deficiencies created by the pandemic.
- Student mental health and suicides were amongst the issues mentioned.

## 9. ADJOURNMENT

### Minutes

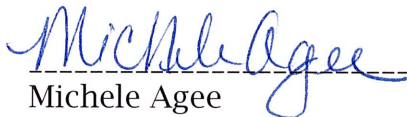
The meeting was adjourned to post Executive Session at 8:04 p.m. following a motion by Mrs. Memmi and seconded by Dr. Cronin.

### *Vote Results*

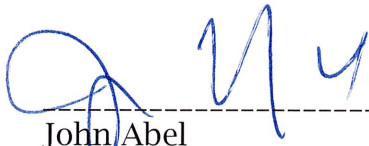
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<b>Yea:</b>	9	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Kathy Sicher, Terry Singer, Tricia Steiner
<b>Nay:</b>	0	
<b>Abstain:</b>	0	
<b>Not Cast:</b>	0	

Respectfully submitted,



Michele Agee  
Secretary to the Board  
Approved February 22, 2021



John Abel  
President of the Board of Directors

**Derry Township School District**  
**School Board Meeting**  
February 8, 2021

**Please Sign In AND Print Your Name**

*Signature*

*Daniel B Tredinnick*

*Printed Name*

Dan Tredinnick

*Signature*

*Jim Hynes*

*Printed Name*

Jim Hynes

*Signature*

*Angela Weader*

*Printed Name*

Angela Weader

*Signature*

*Erica Schmidt*

*Printed Name*

Erica Schmidt

*Signature*

*Robert Bennett*

*Printed Name*

ROBERT BENNETT

*Signature*

*Printed Name*

*Signature*

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*Signature*

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*Printed Name*

**Board Meeting Virtual Attendance, January 25, 2021**

<b>Panelist Details</b>			
<u>Attended</u>	<u>Name</u>		
Yes	Peter Barto		
Yes	Carson Pedaci		
<b>Attendee Details</b>			
<u>Attended</u>	<u>Name</u>	<u>Attended</u>	<u>Name</u>
Yes	Omaima Ali	Yes	Lisa Wiedeman
Yes	Kristen Arndt	Yes	Katey Wyckoff
Yes	Lisa Balanda	Yes	Heidi Stine
Yes	Carolyn Barbieri	Yes	Elizabeth Blosky
Yes	Matthew Bobenchik		
Yes	Edward Brooks		
Yes	Lorena Brown		
Yes	Jill Cedeno		
Yes	Misty Clements		
Yes	Elizabeth Dahl		
Yes	Staci Daugherty		
Yes	Julie Erwin		
Yes	Angela Farrell		
Yes	Karen Fedash		
Yes	Jennifer Fegley		
Yes	Michael Foreman		
Yes	J G		
Yes	Nancy Garver		
Yes	Patsy Gilbert		
Yes	Michelle Handley		
Yes	Scott Harman		
Yes	Jackie Henry		
Yes	Laura Holton		
Yes	Tabitha Hummer		
Yes	Cindy Jackson		
Yes	Megan Kenjora		
Yes	Becky Matthews		
Yes	Ashlee McCann		
Yes	Chris Painter		
Yes	Courtney Painter		
Yes	Kelly Reigert		
Yes	Ericka Schmidt		
Yes	Jeff Schmidt		
Yes	Stefanie Schramm		
Yes	Stephanie Shaw		
Yes	Emily Smith		
Yes	Jaime Smith		
Yes	Peggy Taylor		
Yes	Monica von Dobeneck		
Yes	Christine Weabee		



# Derry Township School District

Administrative Office • 30A East Granada Avenue • P.O. Box 898 • Hershey, PA 17033  
Phone (717) 534-2501 • Fax (717) 533-4357 • [www.hershey.k12.pa.us](http://www.hershey.k12.pa.us)

To: Board of School Directors  
From: Jeff Smith, HHS Principal  
Re: Proposal to add a club at Hershey High School  
Date: 1/14/2020

On behalf of HHS students Hana Gomma and Moriah Gethers, I would like to present a recommendation to the Derry Township Board of School Directors regarding the formation of a student club entitled Racial and Religious Relations. The enclosed proposal submitted outlines and describes the purpose of the club.

- The club is supported by a faculty advisor, Mrs. Julee Brown.
- Based on the proposal, the club supports the vision of Hershey High School and DTSD.
- The group does not have a desire to handle funds.
- Participation in the Racial and Religious Relations Club would be open to all HHS students.
- This program does not entail a Limited Service Contract (LSC) and will therefore not include a stipend/payment to the sponsor.

Enclosures: Proposal for HHS Racial and Religious Relations Club

**Hershey High School  
Club Proposal**

**Name of student(s) proposing the club:** Hana Gomma and Moriah Gethers

**Name of proposed club:** Racial and Religious Relations Club

**How the Racial and Religious Relations Club contributes to the mission of Hershey High**

**School:** The Racial and Religious Relations club (R.R.R for short) helps spread awareness to racial, and religious discrimination in schools. It uses the COCOA principles to help educate others about topics that are not normally addressed! This club is lead by two people of color (we are of African descent) with the goal to educate other students further about racial and religious discrimination. This will help amplify minority voices and normalize student advocacy. This will also help break down hostility when talking about race and religion- regardless how uncomfortable it is. We believe this will help our school environment tremendously!

**Indicate whether or not the club would have any need or opportunity to handle money/funds of any kind for any reason. If so, a student activity fund for the club should be requested, also:** As of right now this club will not need any funds.

**Estimate of how many students will participate in this club:** 30 students

**Who is eligible for participation in this club:** Any individual interested

**Which Hershey High School faculty member has agreed to serve as the faculty advisor to this club?**

**Students & Advisor Signatures:**

A handwritten signature in black ink, appearing to read 'Hana', is written on the page.

Merich E. Mathews



**Hershey High School  
Club Proposal**

**Name of student(s) proposing the club:** Hana Gomma and Moriah Gethers

**Name of proposed club:** Racial and Religious Relations Club

**How the Racial and Religious Relations Club contributes to the mission of Hershey High School:** The Racial and Religious Relations club (R.R.R for short) helps spread awareness to racial, and religious discrimination in schools. It uses the COCOA principles to help educate others about topics that are not normally addressed! This club is lead by two people of color (we are of African descent) with the goal to educate other students further about racial and religious discrimination. This will help amplify minority voices and normalize student advocacy. This will also help break down hostility when talking about race and religion- regardless how uncomfortable it is. We believe this will help our school environment tremendously!

**Indicate whether or not the club would have any need or opportunity to handle money/funds of any kind for any reason. If so, a student activity fund for the club should be requested, also:** As of right now this club will not need any funds.

**Estimate of how many students will participate in this club:** 30 students

**Who is eligible for participation in this club:** Any individual interested

**Which Hershey High School faculty member has agreed to serve as the faculty advisor to this club?**

**Students & Advisor Signatures:**

Mariah E. Gethers HHS Student  
Hana Gomma ~ HHS Student  
Julie J. Brown ~ HHS teacher



Due to the retirement of Linda O'Connor, the Hershey High School Athletic Hall of Fame Operations Committee would like to make a recommendation to replace Linda on our Committee.

We would like to bring to you for your approval, the name of Nikki Smith Fisher. Nikki, is a Hershey High School graduate, Class of 1988. She is currently a Teacher at the High School and she is also a member of the Hall of Fame, Class of 2011. We feel she would be a great addition to our Operations Committee.

As per our by-laws, we are to present her name to the School Board for approval. Once she has been approved by the School Board, the Operations Committee will take a final vote to accept her.

We ask that you please approve her for addition to our Operations Committee.

Thank you,

John Christopher, Chairman

HHS Hall of Fame



**Derry Township School District**  
Hershey, Pennsylvania

## Textbook Recommendation and Adoption

<b>Curricular Area</b> English	<b>Subject/Course</b> College Prep English 12: Creative Nonfiction
<b>Grade Level(s)</b> 12	<b>Copyright Date</b> 2014
<b>Recommended Title:</b> Just Mercy	
<b>Author:</b> Bryan Stevenson	<b>Publisher</b> Spiegel & Grau
<p><b>Reasons for selection:</b> (Include relationship to written curriculum, level of difficulty, up-to-date content, available related/supporting materials, other books considered. Please include a description of online resources that are included or licenses that will be purchased with the text. Please include number of licenses needed and the length of access before renewal. Continue on other side if necessary and attach any supporting information.)</p> <p>Just Mercy chronicles the real-life work of lawyer and Equal Justice Initiative founder Bryan Stevenson. The text primarily recounts Stevenson's efforts to correct the wrongful conviction of Walter McMillian, who was sentenced to death for murder. In an effort to continue to diversify the texts read and discussed at Hershey High School, we believe Just Mercy represents a phenomenal opportunity to expand perspectives and open minds to the persistence of racial injustice across the nation. As Creative Nonfiction evolves into a year-long course, we hope to expand the curriculum to focus on the ways nonfiction texts are published to argue for justice, and Just Mercy would become the cornerstone text of such an educational unit. The text has received nearly universal acclaim because of its subject matter and engaging prose. We believe this text will provide twelfth-grade students with the opportunity to critically reflect the role they will play in ensuring the proper administration of justice in their communities after graduation.</p>	
Cost per book vs. number of books needed: \$21.00 x 80 copies	Cost: \$1,680.00

<b>Selection Personnel</b>	Derek Dietz	3/13/20
	Lindsey Nester	3/13/20
<b>Program Leader</b>	<i>[Signature]</i>	<b>Date</b> 3/13/2020
<b>Principal</b>	<i>[Signature]</i>	<b>Date</b>
<b>Assistant Superintendent:</b>	<i>[Signature]</i>	<b>Date</b> 2/9/21
<b>Approved Superintendent</b>	<i>[Signature]</i>	<b>Board Approval</b>
	<b>Date</b> 2/8/21	<b>Date</b> 2/8/20

**DERRY TOWNSHIP  
SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Derry Township School District  
Hershey, 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 Derry Township School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Derry Township School District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

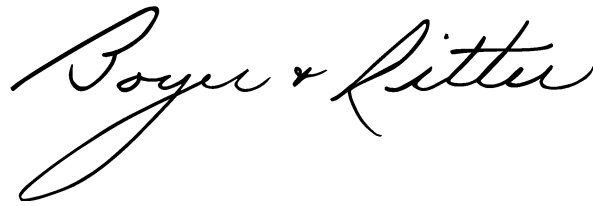
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Derry Township School District's basic financial statements. The Combining Balance Sheet - Capital Projects Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds and the accompanying Schedule of Expenditures of Federal Awards, 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*, listed in the table of contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Supplementary Information as listed in the Table of Contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as listed in the Table of Contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2021, on our consideration of Derry Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Derry Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Derry Township School District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Boyer & Fitter". The signature is written in a cursive, flowing style with a large loop at the end of the word "Fitter".

Camp Hill, Pennsylvania  
January 7, 2021

**DERRY TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**Year Ended June 30, 2020**

The *Management, Discussion, and Analysis* (MD&A) provides an overall review and insight into the District's financial activities for the fiscal years ended June 30, 2020 and 2019. This MD&A summarizes the district's financial performance as a whole. Therefore, the reader should also review the entire financial statements, including the Notes to Financial Statements, as well as the independent auditor's transmittal letter, to enhance their understanding of the district's financial performance.

**Background**

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) Statement No. 34. Certain condensed comparative analyses of financial statements have been presented in these statements.

Pre-GASB 34 standards required use of the modified accrual system of accounting for revenues (no receivables/accruals beyond 60 days). In addition, pre-GASB 34 standards also did not record depreciation expense on capital assets and did not require reporting of net assets of various funds. GASB 34 now requires full accrual of revenue and calculating depreciation on capital assets.

**Financial Highlights**

In accordance with GASB Statement No. 54, the District has recorded as a Permanent Fund the fair market value of assets held in trust by Fulton Financial Advisors under a bequest made by Milton S. Hershey. As of 2020 and 2019, the value of this fund was \$43,724,356 and \$43,732,076, respectively. The fund balance is classified as "Nonspendable" due to the restrictive nature of the trust since the District has use of income only.

Also in accordance with GASB 54, the Board of School Directors adopted Policy 620, Fund Balance. This policy classifies the General Fund Balance based on the relative strength of constraints that control the purposes for which specific amounts can be spent. Effective June 30, 2012, fund balances are now reported in the following classifications:

Nonspendable	Amounts that cannot be spent because they are in a nonspendable form (such as inventory and notes receivable).
Restricted	Amounts limited by external parties (grants or donations).
Committed	Amounts limited by Board policy (future anticipated costs).
Assigned	Amounts intended for a particular purpose.
Unassigned	Amounts available for consumption or not restricted in any manner.

Board Policies 625 and 625.1 limit amounts that may be accumulated in the General Fund. Policy 625, Maintenance of Fund Balance, provides that the District shall maintain an unassigned General Fund Balance of not less than 3% of expenditures, and not more than the amount allowed by the Commonwealth of Pennsylvania, currently 8% of budgeted expenditures. Policy 625.1 established a Capital Reserve Fund to support the District's approved Capital Maintenance/Growth Plan, to which funds in excess of the amount determined under Policy 625 is transferred. In accordance with these policies, no unbudgeted transfer occurred as of June 30, 2020, and \$850,000 was transferred as of June 30, 2019.

**DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
Year Ended June 30, 2020**

The accompanying Fund Balance Review, on page 6, summarizes General Fund activity for the current and prior year. Unassigned Fund Balance increased by \$622,407 and \$229,780 for the years ended June 30, 2020 and 2019, respectively, after transfers in accordance with Policy 625 noted above.

The District has committed a portion of the General Fund Balance for future state retirement costs and for the District's self-insured medical plan. The committed portion of the General Fund Balance for future retirement costs and for the District's self-insured medical plan is \$884,692 and \$2,000,000, for year ended June 30, 2020, respectively and \$2,384,692 and \$500,000 for year ended June 30, 2019, respectively.

DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019  
FUND BALANCE REVIEW

	Nonspendable Inventory & Prepays	Nonspendable Note Receivable	Committed Retirement Stabilization	Committed Health Benefits	Unassigned General	Total General Fund	Capital Projects Fund	Nonspendable Permanent Fund
<b>Fund Balance - 6/30/18</b>	\$ 164,094	\$ 330,134	\$ 2,384,692	\$ 500,000	\$ 5,064,000	\$ 8,442,920	\$ 6,797,176	\$ 43,892,352
<b>2018-2019 Activity</b>								
Increase (Decrease)	(4,936)	(63,238)	-	-	229,780	161,606	3,750,341	(160,276)
<b>Fund Balance - 6/30/19</b>	159,158	266,896	2,384,692	500,000	5,293,780	8,604,526	10,547,517	43,732,076
<b>2019-2020 Activity</b>								
Increase (Decrease)	8,102	(64,015)	(1,500,000)	1,500,000	622,407	566,494	(2,446,162)	(7,720)
<b>Fund Balance - 6/30/20</b>	<u>\$ 167,260</u>	<u>\$ 202,881</u>	<u>\$ 884,692</u>	<u>\$ 2,000,000</u>	<u>\$ 5,916,187</u>	<u>\$ 9,171,020</u>	<u>\$ 8,101,355</u>	<u>\$ 43,724,356</u>

2019-2020 revenues from all sources, local, state, federal and other exceeded budgeted revenues by \$137,944, or about 0.2%. Revenue shortfalls occurred in some areas due to effects of the COVID-19 Pandemic had on the local Derry Township economy, however overall revenue was up.

2019-2020 actual expenditures were under budget expenditures by \$427,352. Due to the COVID-19 Pandemic the District was shut down and only providing online instructions to students from mid-March 2020 through the end of the school year.

**DERRY TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**Year ended June 30, 2020**

**Annual Financial Report**

The governmental statements consist of the Statement of Net Assets and the Statement of Activities. These governmental statements combine governmental activities with business-type activities. The governmental activities include most of the District's programs and operations such as instruction, support services, plant operation and maintenance, pupil transportation and extracurricular activities. The business activities include services provided on a charge basis to recover the expenses of the services provided. The food service enterprise fund is reported as a business-type activity.

The Statement of Net Assets is a government-wide statement that summarizes the District's assets and liabilities in their entirety. It includes capital assets, net of a provision for accumulated depreciation, as well as long-term debt (mainly bonds payable).

The Statement of Activities is a government-wide statement that summarizes expenditures among the eight largest functions, as well as each program's net cost (total cost less subsidies, revenues generated by the activity, unrestricted grants and contributions by other organizations). It includes depreciation expense not previously recorded, and interest expense previously reported only in the debt service fund. The Governmental Funds Balance Sheet includes only assets expected to be used or consumed, and liabilities which will be due during the next year. Neither capital assets nor long-term debt are included. Note 1B to the Financial Statements explains the financial statements presentation in detail.

**Fund Financial Statements**

The Fund Statements present financial information in greater detail than the District-wide statements. Major funds are reported in separate columns, while non-major funds are aggregated and presented in a single column.

Governmental Funds are used to report most of the District's activities and focus on the flow of cash and other assets to and from the funds, and the remaining fund balances at the end of the fiscal year, which are available to be used in future periods. The governmental funds use the modified accrual method of accounting that measures cash and assets that can be readily converted to cash. The governmental funds provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine if there are greater or less financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds is reconciled in the financial statements.

Proprietary Funds are used to report District activities that are similar to business operations in the private sector. The Food Service Fund and the Granada Project Fund are the District's proprietary funds. Proprietary funds use the accrual method of accounting; therefore, proprietary fund reports will match, in all essential respects, the business-type activities portion of the government-wide statements.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, are used to support school programs. The District is a beneficiary under the will of Milton S. Hershey and receives quarterly income distributions calculated annually at approximately 5% of the March 31<sup>st</sup> market value, in accordance with procedures established by the Pennsylvania Attorney General. The distributions support the overall academic programs of the District.

**DERRY TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**Year ended June 30, 2020**

Fiduciary Funds are those funds that the District is the trustee, or fiduciary. Donations or bequests designated for scholarships are the primary fiduciary funds. Donors specify how the funds may be used. Since the funds may not be used for any other purpose, they are excluded from other District funds because the District is prohibited from using these funds to finance any other activities. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position.

The analysis of the District's major funds provides detailed information about the most significant funds - not the District as a whole. Some funds are required by state statute, while other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's four types of funds: governmental, proprietary, permanent and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019  
STATEMENT OF NET POSITION

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows						
Current and Other Assets	\$ 68,149,302	\$ 890,320	\$ 69,039,622	\$ 70,750,312	\$ 732,965	\$ 71,483,277
Capital Assets	75,561,032	339,909	75,900,941	76,561,103	366,748	76,927,851
Deferred Outflow of Resources	14,788,027	295,615	15,083,642	16,479,095	363,240	16,842,335
Total Assets and deferred outflows	<u>\$ 158,498,361</u>	<u>\$ 1,525,844</u>	<u>\$ 160,024,205</u>	<u>\$ 163,790,510</u>	<u>\$ 1,462,953</u>	<u>\$ 165,253,463</u>
Liabilities and Deferred Inflows						
Current Liabilities	\$ 11,106,684	\$ 120,620	\$ 11,227,304	\$ 11,827,918	\$ 93,395	\$ 11,921,313
Non-Current Liabilities	135,228,191	2,262,824	137,491,015	139,642,286	2,536,948	142,179,234
Deferred Inflows of Resources	4,802,801	97,935	4,900,736	2,712,493	62,942	2,775,435
Total Liabilities and deferred inflows	<u>\$ 151,137,676</u>	<u>\$ 2,481,379</u>	<u>\$ 153,619,055</u>	<u>\$ 154,182,697</u>	<u>\$ 2,693,285</u>	<u>\$ 156,875,982</u>
Net Position:						
Net investment in capital assets	\$ 50,714,009	\$ 339,909	\$ 51,053,918	\$ 47,672,912	\$ 366,748	\$ 48,039,660
Restricted	48,699,303	-	48,699,303	51,170,920	-	51,170,920
Unrestricted	(92,052,627)	(1,295,444)	(93,348,071)	(89,236,019)	(1,597,080)	(90,833,099)
Total Net Position	<u>\$ 7,360,685</u>	<u>\$ (955,535)</u>	<u>\$ 6,405,150</u>	<u>\$ 9,607,813</u>	<u>\$ (1,230,332)</u>	<u>\$ 8,377,481</u>

DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION AND ANALYSIS  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019  
STATEMENT OF ACTIVITIES

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$ 511,991	\$ 1,700,928	\$ 2,212,919	\$ 622,552	\$ 1,930,684	\$ 2,553,236
Operating Grants and Contributions	12,751,879	540,871	13,292,750	12,467,591	535,243	13,002,834
Total Program Revenues:	13,263,870	2,241,799	15,505,669	13,090,143	2,465,927	15,556,070
General Revenues, Transfers and Special Item:						
Property Taxes	38,953,073	-	38,953,073	38,254,582	-	38,254,582
Act 511 Taxes	9,876,374	-	9,876,374	9,628,995	-	9,628,995
State Property Tax Relief	666,867	-	666,867	668,677	-	668,677
Investment Earnings	1,995,177	3,272	1,998,449	1,947,187	2,447	1,949,634
Miscellaneous	128,081	-	128,081	370,508	25,429	395,937
Gain on Disposal of Fixed Assets	81,813	-	81,813	28,891	-	28,891
Capital Contributions	-	24,100	24,100	-	-	-
Transfers	(26,161)	26,161	-	(43,217)	43,217	-
Total General Revenues and Transfers	51,675,224	53,533	51,728,757	50,855,623	71,093	50,926,716
Total Revenues:	64,939,094	2,295,332	67,234,426	63,945,766	2,537,020	66,482,786
Expenses						
Program Expenses:						
Instruction	40,946,122	-	40,946,122	39,724,710	-	39,724,710
Instructional student support	6,670,701	-	6,670,701	6,098,660	-	6,098,660
Administrative and financial support services	7,618,603	-	7,618,603	7,397,282	-	7,397,282
Operation and maintenance of plant services	6,377,502	-	6,377,502	6,092,029	-	6,092,029
Pupil transportation	3,045,912	-	3,045,912	2,943,785	-	2,943,785
Student activities	1,784,422	-	1,784,422	1,870,402	-	1,870,402
Community services	13,894	-	13,894	10,010	-	10,010
Food Service	-	1,429,932	1,429,932	-	2,082,502	2,082,502
Granada Project	-	590,603	590,603	-	482,457	482,457
Total Program Expenses:	66,457,156	2,020,535	68,477,691	64,136,878	2,564,959	66,701,837
Interest and Fiscal Charges	729,066	-	729,066	732,228	-	732,228
Total Expenses	67,186,222	2,020,535	69,206,757	64,869,106	2,564,959	67,434,065
Increase (Decrease) in Net Position	(2,247,128)	274,797	(1,972,331)	(923,340)	(27,939)	(951,279)
Net Position - Beginning	9,607,813	(1,230,332)	8,377,481	10,531,153	(1,202,393)	9,328,760
Net Position - Ending	\$ 7,360,685	\$ (955,535)	\$ 6,405,150	\$ 9,607,813	\$ (1,230,332)	\$ 8,377,481

## District Budget

The District's budget is prepared in accordance with Pennsylvania law and is based on accounting for certain transactions based on cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The budgeting system controls expenses by classifying expenses by functional areas and by type of expense. A summary of budget to actual results for 2019-2020 is shown in the review below:

DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2020  
GENERAL FUND SPENDING REVIEW

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget	Amounts	Pos (Neg)
REVENUES				
6000 Local Sources	\$ 50,037,611	\$ 50,037,611	\$ 50,243,604	\$ 205,993
7000 State Sources	12,463,221	12,463,221	12,126,557	(336,664)
8000 Federal Sources	1,040,000	1,040,000	901,559	(138,441)
9000 Other Financing Sources	1,799,113	1,799,113	2,206,169	407,056
Total Revenues	65,339,945	65,339,945	65,477,889	137,944
EXPENDITURES				
1100 Regular Programs	26,612,245	26,613,950	25,566,458	1,047,492
1200 Special Programs	8,104,277	8,104,277	8,442,839	(338,562)
1300 Vocational Programs	1,473,029	1,473,029	1,458,030	14,999
1400 Other Instructional Programs	116,787	116,787	136,527	(19,740)
1700 Community College	157,481	157,481	160,363	(2,882)
2100 Pupil Personnel	2,162,421	2,162,421	2,187,185	(24,764)
2200 Instructional Staff Services	2,455,618	2,449,349	2,570,386	(121,037)
2300 Administrative Services	4,357,627	4,358,823	3,707,159	651,664
2400 Pupil Health	1,007,919	1,007,919	1,077,118	(69,199)
2500 Business Services	907,859	907,859	867,945	39,914
2600 Plant Operation & Maintenance	5,711,173	5,711,173	5,841,578	(130,405)
2700 Pupil Transportation	2,698,012	2,698,012	2,768,794	(70,782)
2800 Central	1,778,382	1,781,750	1,831,867	(50,117)
2900 Other Support Services	190,484	190,484	180,369	10,115
3200 Student Activities	1,682,257	1,682,257	1,577,971	104,286
3300 Community Services	9,986	9,986	12,842	(2,856)
5110 Debt Service	286,642	286,642	688,968	(402,326)
5120 Refund of Prior Years Receipts	-	-	253,806	(253,806)
5200 Interfund Transfers	5,626,548	5,626,548	5,581,190	45,358
Total Expenditures	65,338,747	65,338,747	64,911,395	427,352
CHANGE IN FUND BALANCE	\$ 1,198	\$ 1,198	\$ 566,494	\$ 565,296

As noted earlier, 2019-2020 actual revenues exceeded budgeted revenues by \$137,944.

2019-2020 actual expenditures were less than budgeted expenditures by \$427,352.



**DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
Year ended June 30, 2020**

**Capital Assets**

The schedule below reflects capital assets owned by the District, net of accumulated depreciation. For comparative purposes, the schedule reflects both the current and the preceding year.

DERRY TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019  
CAPITAL ASSETS (NET OF DEPRECIATION)

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,047,274	\$ -	\$ 1,047,274	\$ 1,047,274	\$ -	\$ 1,047,274
Construction-in-progress	760,031	-	760,031	361,555	-	361,555
Site improvements	4,027,927	-	4,027,927	4,547,348	-	4,547,348
Building and building improvements	65,356,374	-	65,356,374	66,689,445	-	66,689,445
Furniture and equipment	4,369,426	339,909	4,709,335	3,915,481	366,748	4,282,229
	<u>\$ 75,561,032</u>	<u>\$ 339,909</u>	<u>\$ 75,900,941</u>	<u>\$ 76,561,103</u>	<u>\$ 366,748</u>	<u>\$ 76,927,851</u>

**DERRY TOWNSHIP SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**Year ended June 30, 2020**

**Debt**

During 2019-2020 the District issued General Obligation Notes Series C of 2019. The District's credit rating remains steady (Standard & Poor's Underlying AAA) places the District among only a handful of Pennsylvania districts with that rating; no districts are rated higher.

**Current Issues**

On June 27, 2006, Pennsylvania's governor signed Act 1 of Special Session 2006 into law. This legislation is far-reaching and complex and includes provisions for District property tax reduction funded through gaming revenue, facilitates a tax reduction and possible tax shift through imposition of additional earned income tax or personal income tax, requires voter approval through a "back end referendum" for real estate tax rate increases beyond a state-calculated index and created a Local Tax Study Commission to submit a recommendation to the Board of School Directors regarding the tax shifting noted above. The Act also requires adoption of a preliminary budget as much as six months earlier than in the past

The District is required to make contributions to the Pennsylvania State Employees Retirement System (PSERS) which covers substantially all employees. Contribution rates are projected to increase. Historic rates have been as follows:

2013-2014	16.93%
2014-2015	21.40%
2015-2016	25.84%
2016-2017	30.03%
2017-2018	32.57%
2018-2019	33.43%
2019-2020	34.29%

The Commonwealth of Pennsylvania provides a subsidy for one-half of the retirement contributions.

**Contacting the District's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, staff, investors and creditors with a general overview of the Derry Township School District's finances and to show the Board of School Directors' accountability for the funds the District receives. Questions about this report or requests for additional financial information should be directed to Michael Frentz, Business Manager/School Board Secretary at Derry Township School District, 30A East Granada Avenue, Hershey, PA 17033, (717) 534-2501.

# DERRY TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF NET POSITION June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 18,945,585	\$ 519,609	\$ 19,465,194
Taxes receivable - net of allowance	461,535	-	461,535
Due from other governments	4,066,425	19,760	4,086,185
Other receivables	581,260	253,234	834,494
Inventories	159,948	91,304	251,252
Prepaid expense	7,312	6,413	13,725
Note receivable - Township of Derry	65,844	-	65,844
<b>Total current assets</b>	<b>24,287,909</b>	<b>890,320</b>	<b>25,178,229</b>
Noncurrent Assets			
Land	1,047,274	-	1,047,274
Construction-in-progress	760,031	-	760,031
Site improvements - net of accum. depreciation	4,027,927	-	4,027,927
Buildings and improvements - net of accum. depreciation	65,356,374	-	65,356,374
Furniture and equipment - net of accum. depreciation	4,369,426	339,909	4,709,335
Note receivable - Township of Derry	137,037	-	137,037
Beneficial interest in perpetual trust	43,724,356	-	43,724,356
<b>Total noncurrent assets</b>	<b>119,422,425</b>	<b>339,909</b>	<b>119,762,334</b>
<b>Total assets</b>	<b>\$ 143,710,334</b>	<b>\$ 1,230,229</b>	<b>\$ 144,940,563</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 13,723,790	\$ 280,077	\$ 14,003,867
Deferred amounts on OPEB liabilities	761,343	15,538	776,881
Deferred amounts related to refunding debt	302,894	-	302,894
<b>Total deferred outflows of resources</b>	<b>\$ 14,788,027</b>	<b>\$ 295,615</b>	<b>\$ 15,083,642</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 158,498,361</b>	<b>\$ 1,525,844</b>	<b>\$ 160,024,205</b>

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Totals
<b>Liabilities</b>			
Current Liabilities			
Internal balances	\$ (168)	\$ 168	\$ -
Accounts payable	1,326,081	47,149	1,373,230
Accrued salaries and benefits	5,025,540	5,617	5,031,157
Payroll deductions and withholdings	412,215	-	412,215
Unearned revenue	11,299	67,686	78,985
Current portion of long-term liabilities	4,178,071	-	4,178,071
Accrued interest payable	153,646	-	153,646
<b>Total current liabilities</b>	<b>11,106,684</b>	<b>120,620</b>	<b>11,227,304</b>
Noncurrent Liabilities			
Net pension liability	95,316,000	1,945,000	97,261,000
General obligation bonds	21,712,692	-	21,712,692
Authority lease obligations	2,588,443	-	2,588,443
Other lease obligations	138,601	-	138,601
Accrued compensated absences	1,487,920	32,874	1,520,794
Other postemployment benefits payable	13,984,535	284,950	14,269,485
<b>Total noncurrent liabilities</b>	<b>135,228,191</b>	<b>2,262,824</b>	<b>137,491,015</b>
<b>Total liabilities</b>	<b>\$ 146,334,875</b>	<b>\$ 2,383,444</b>	<b>\$ 148,718,319</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 3,433,000	\$ 70,000	\$ 3,503,000
Deferred amounts on OPEB liabilities	1,369,801	27,935	1,397,736
<b>Total deferred inflows of resources</b>	<b>\$ 4,802,801</b>	<b>\$ 97,935</b>	<b>\$ 4,900,736</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 50,714,009	\$ 339,909	\$ 51,053,918
Restricted	48,699,303	-	48,699,303
Unrestricted	(92,052,627)	(1,295,444)	(93,348,071)
<b>Total net position</b>	<b>\$ 7,360,685</b>	<b>\$ (955,535)</b>	<b>\$ 6,405,150</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 158,498,361</b>	<b>\$ 1,525,844</b>	<b>\$ 160,024,205</b>

**DERRY TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2020**

Function/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	
<b>Governmental Activities:</b>						
Instruction	\$ 40,946,122	\$ 419,876	\$ 9,762,360	\$ (30,763,886)	\$ -	\$ (30,763,886)
Instructional student support	6,670,701	-	867,215	(5,803,486)	-	(5,803,486)
Administrative and financial support services	7,618,603	-	646,079	(6,972,524)	-	(6,972,524)
Operation and maintenance of plant services	6,377,502	11,020	422,583	(5,943,899)	-	(5,943,899)
Pupil transportation	3,045,912	-	645,156	(2,400,756)	-	(2,400,756)
Student activities	1,784,422	81,095	165,777	(1,537,550)	-	(1,537,550)
Community services	13,894	-	1,201	(12,693)	-	(12,693)
Debt service	729,066	-	241,508	(487,558)	-	(487,558)
<b>Total governmental activities</b>	<b>67,186,222</b>	<b>511,991</b>	<b>12,751,879</b>	<b>(53,922,352)</b>	<b>-</b>	<b>(53,922,352)</b>
<b>Business-type Activities:</b>						
Food Service	1,429,932	824,507	540,871	-	(64,554)	(64,554)
Granada Project	590,603	876,421	-	-	285,818	285,818
<b>Total business-type activities</b>	<b>2,020,535</b>	<b>1,700,928</b>	<b>540,871</b>	<b>-</b>	<b>221,264</b>	<b>221,264</b>
<b>Total primary government</b>	<b>\$ 69,206,757</b>	<b>\$ 2,212,919</b>	<b>\$ 13,292,750</b>	<b>\$ (53,922,352)</b>	<b>\$ 221,264</b>	<b>\$ (53,701,088)</b>
<b>General Revenues and Transfers:</b>						
Property taxes, levied for general purposes				\$ 38,953,073	\$ -	\$ 38,953,073
Act 511 taxes, levied for general purposes				9,876,374	-	9,876,374
State property tax relief allocation				666,867	-	666,867
Investment earnings				1,995,177	3,272	1,998,449
Gain on disposition of fixed assets				81,813	-	81,813
Miscellaneous income				128,081	-	128,081
Capital contributions				-	24,100	24,100
Transfers				(26,161)	26,161	-
<b>Total general revenues and transfers</b>				<b>51,675,224</b>	<b>53,533</b>	<b>51,728,757</b>
<b>Changes in net position</b>				<b>(2,247,128)</b>	<b>274,797</b>	<b>(1,972,331)</b>
<b>Net Position - July 1, 2019</b>				<b>9,607,813</b>	<b>(1,230,332)</b>	<b>8,377,481</b>
<b>Net Position - June 30, 2020</b>				<b>\$ 7,360,685</b>	<b>\$ (955,535)</b>	<b>\$ 6,405,150</b>

See Notes to Financial Statements.

# DERRY TOWNSHIP SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Capital Projects Fund	Permanent Fund	Totals Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 10,792,975	\$ 8,152,610	\$ -	\$ 18,945,585
Taxes receivable - net of allowance	461,535	-	-	461,535
Due from other funds	208,006	-	-	208,006
Due from other governments	4,066,425	-	-	4,066,425
Other receivables	503,050	-	-	503,050
Inventories	159,948	-	-	159,948
Prepaid expense	7,312	-	-	7,312
Note receivable - Township of Derry	202,881	-	-	202,881
Beneficial interest in perpetual trust	-	-	43,724,356	43,724,356
<b>Total assets</b>	<b>\$ 16,402,132</b>	<b>\$ 8,152,610</b>	<b>\$ 43,724,356</b>	<b>\$ 68,279,098</b>
<b>Liabilities</b>				
Due to other funds	\$ 128,043	\$ 2,138	\$ -	\$ 130,181
Accounts payable	1,276,962	49,117	-	1,326,079
Accrued salaries and benefits	5,025,540	-	-	5,025,540
Payroll deductions and withholdings	412,215	-	-	412,215
Unearned revenue	11,299	-	-	11,299
<b>Total liabilities</b>	<b>6,854,059</b>	<b>51,255</b>	<b>-</b>	<b>6,905,314</b>
<b>Deferred Inflows of Resources</b>				
Delinquent property taxes	377,053	-	-	377,053
<b>Fund Balances</b>				
Nonspendable	370,141	-	43,724,356	44,094,497
Restricted	-	8,101,355	-	8,101,355
Committed	2,884,692	-	-	2,884,692
Unassigned	5,916,187	-	-	5,916,187
<b>Total fund balances</b>	<b>9,171,020</b>	<b>8,101,355</b>	<b>43,724,356</b>	<b>60,996,731</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,402,132</b>	<b>\$ 8,152,610</b>	<b>\$ 43,724,356</b>	<b>\$ 68,279,098</b>

See Notes to Financial Statements.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2020**

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<b>Total fund balances - governmental funds</b>	<b>\$ 60,996,731</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the capital assets is \$160,315,419, and the accumulated depreciation is \$84,754,387.

	75,561,032
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Property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred inflows of resources in the funds.

	377,053
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Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to the pension are as follows (see footnotes for detail):

Deferred outflows of resources	13,723,790
Deferred inflows of resources	(3,433,000)

Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):

Deferred outflows of resources	761,343
Deferred inflows of resources	(1,369,801)

Accrued interest receivable will be collected this year, but is not available soon enough to pay for the current period's expenditures and, therefore, was not recorded as a receivable in the funds.

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Long-term liabilities, including bonds payable, lease obligations, net pension liability, compensated absences and other post-employment benefits; 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, net of related discounts and premiums	(25,567,692)	
Deferred amount on refunding of debt	302,894	
Accrued interest payable	(153,646)	
Authority lease obligations	(2,772,913)	
Other lease purchase obligations	(277,202)	
Net pension liability	(95,316,000)	
OPEB liabilities	(13,984,535)	
Accumulated compensated absences	(1,487,920)	(139,257,014)

<b>Total net position - governmental activities</b>	<b>\$ 7,360,685</b>
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See Notes to Financial Statements.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2020**

	General Fund	Capital Projects Fund	Permanent Fund	Debt Service Funds	Totals Governmental Funds
<b>Revenues</b>					
Local sources	\$ 50,243,604	\$ 49,484	\$ 1,693,044	\$ -	\$ 51,986,132
State sources	12,126,557	-	-	-	12,126,557
Federal sources	901,559	-	-	-	901,559
<b>Total revenues</b>	<b>63,271,720</b>	<b>49,484</b>	<b>1,693,044</b>	<b>-</b>	<b>65,014,248</b>
<b>Expenditures</b>					
Instructional	35,764,217	-	-	-	35,764,217
Support services	21,032,401	3,495,646	-	143,570	24,671,617
Operation of noninstructional services	1,590,813	-	-	-	1,590,813
Refund of prior years' receipts	253,806	-	-	-	253,806
Debt service	688,968	-	-	4,557,162	5,246,130
<b>Total expenditures</b>	<b>59,330,205</b>	<b>3,495,646</b>	<b>-</b>	<b>4,700,732</b>	<b>67,526,583</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,941,515</b>	<b>(3,446,162)</b>	<b>1,693,044</b>	<b>(4,700,732)</b>	<b>(2,512,335)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	89,600	-	-	-	89,600
Interfund transfers in	1,700,764	1,000,000	-	4,555,029	7,255,793
Interfund transfers out	(5,581,190)	-	(1,700,764)	-	(7,281,954)
Issuance of extended term financing	415,805	-	-	-	415,805
Issuance of refunding debt	-	-	-	9,030,000	9,030,000
Bond premiums	-	-	-	779,815	779,815
Payments to refunded debt escrow agent	-	-	-	(9,664,112)	(9,664,112)
<b>Total other financing sources (uses)</b>	<b>(3,375,021)</b>	<b>1,000,000</b>	<b>(1,700,764)</b>	<b>4,700,732</b>	<b>624,947</b>
<b>Net changes in fund balances</b>	<b>566,494</b>	<b>(2,446,162)</b>	<b>(7,720)</b>	<b>-</b>	<b>(1,887,388)</b>
Fund Balance - July 1, 2019	8,604,526	10,547,517	43,732,076	-	62,884,119
Fund Balance - June 30, 2020	<b>\$ 9,171,020</b>	<b>\$ 8,101,355</b>	<b>\$ 43,724,356</b>	<b>\$ -</b>	<b>\$ 60,996,731</b>

See Notes to Financial Statements.



**DERRY TOWNSHIP SCHOOL DISTRICT**

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

**Year Ended June 30, 2020**

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<b>Net changes in fund balances - governmental funds</b>	<b>\$ (1,887,388)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and dispositions exceed capital outlays in the current period:

Capital outlays	3,853,471	
Less net book value of disposed assets	(31,887)	
Less depreciation expense	<u>(4,821,655)</u>	(1,000,071)

Some taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount during the year.

(130,644)

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest accrued in the Statement of Activities over the amount due is shown here.

6,550

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in net pension liability, net of deferred resources	(2,393,285)
Change in OPEB liabilities, net of deferred resources	(725,137)
Change in compensated absences	(65,999)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of general obligation debt, including bond premium	(9,618,887)	
Issuance of extended term financing	(415,805)	
Repayment of long-term debt	13,610,858	
Amortization of charges for bond refunding	(32,939)	
Amortization of bond premiums and discounts - net	-	
Repayment of extended term financing	<u>405,619</u>	<u>3,948,846</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ (2,247,128)</u></b>
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See Notes to Financial Statements.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
Year Ended June 30, 2020**

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Local sources	\$ 50,037,611	\$ 50,037,611	\$ 50,243,604	\$ 205,993
State sources	12,463,221	12,463,221	12,126,557	(336,664)
Federal sources	1,040,000	1,040,000	901,559	(138,441)
<b>Total revenues</b>	<b>63,540,832</b>	<b>63,540,832</b>	<b>63,271,720</b>	<b>(269,112)</b>
<b>Expenditures</b>				
Instruction				
Regular programs	26,612,245	26,613,950	25,566,458	1,047,492
Special programs	8,104,277	8,104,277	8,442,839	(338,562)
Vocational education programs	1,473,029	1,473,029	1,458,030	14,999
Other instructional programs	116,787	116,787	136,527	(19,740)
Community/junior college education programs	157,481	157,481	160,363	(2,882)
<b>Total instruction</b>	<b>36,463,819</b>	<b>36,465,524</b>	<b>35,764,217</b>	<b>701,307</b>
Support services				
Pupil personnel	2,162,421	2,162,421	2,187,185	(24,764)
Instructional staff	2,455,618	2,449,349	2,570,386	(121,037)
Administration	4,357,627	4,358,823	3,707,159	651,664
Pupil health	1,007,919	1,007,919	1,077,118	(69,199)
Business	907,859	907,859	867,945	39,914
Operation and maintenance of plant services	5,711,173	5,711,173	5,841,578	(130,405)
Student transportation services	2,698,012	2,698,012	2,768,794	(70,782)
Central	1,778,382	1,781,750	1,831,867	(50,117)
Other support services	190,484	190,484	180,369	10,115
<b>Total support services</b>	<b>21,269,495</b>	<b>21,267,790</b>	<b>21,032,401</b>	<b>235,389</b>
Operation of noninstructional services				
Student activities	1,682,257	1,682,257	1,577,971	104,286
Community services	9,986	9,986	12,842	(2,856)
<b>Total operation of noninstructional services</b>	<b>1,692,243</b>	<b>1,692,243</b>	<b>1,590,813</b>	<b>101,430</b>
Refund of prior years' receipts	-	-	253,806	(253,806)
Debt service	286,642	286,642	688,968	(402,326)
<b>Total expenditures</b>	<b>59,712,199</b>	<b>59,712,199</b>	<b>59,330,205</b>	<b>381,994</b>
<b>Excess of revenues over expenditures</b>	<b>3,828,633</b>	<b>3,828,633</b>	<b>3,941,515</b>	<b>112,882</b>
Other Financing Sources (Uses)				
Sale of or compensation for loss of fixed assets	-	-	89,600	89,600
Interfund transfers in	1,799,113	1,799,113	1,700,764	(98,349)
Interfund transfers out	(5,626,548)	(5,626,548)	(5,581,190)	45,358
Issuance of extended term financing	-	-	415,805	415,805
<b>Total other financing uses</b>	<b>(3,827,435)</b>	<b>(3,827,435)</b>	<b>(3,375,021)</b>	<b>452,414</b>
<b>Net change in fund balance</b>	<b>\$ 1,198</b>	<b>\$ 1,198</b>	<b>\$ 566,494</b>	<b>\$ 565,296</b>

See Notes to Financial Statements.

# DERRY TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2020

	Food Service Fund	Granada Project Fund	Totals
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 4,816	\$ 514,793	\$ 519,609
Due from other funds	-	128,043	128,043
Due from other governments	19,760	-	19,760
Other receivables	10,971	242,263	253,234
Prepaid expenses	-	6,413	6,413
Inventories	91,304	-	91,304
<b>Total current assets</b>	<b>126,851</b>	<b>891,512</b>	<b>1,018,363</b>
Noncurrent Assets			
Food service equipment	2,197,918	-	2,197,918
Lease buyout	-	1,629,000	1,629,000
Accumulated depreciation and amortization	(1,858,009)	(1,629,000)	(3,487,009)
<b>Total noncurrent assets</b>	<b>339,909</b>	<b>-</b>	<b>339,909</b>
<b>Total assets</b>	<b>\$ 466,760</b>	<b>\$ 891,512</b>	<b>\$ 1,358,272</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 280,077	\$ -	\$ 280,077
Deferred amounts on OPEB liabilities	15,538	-	15,538
<b>Total deferred outflows of resources</b>	<b>\$ 295,615</b>	<b>\$ -</b>	<b>\$ 295,615</b>

See Notes to Financial Statements.

	Food Service Fund	Granada Project Fund	Totals
<b>Liabilities</b>			
Current Liabilities			
Due to other funds	\$ 128,211	\$ -	\$ 128,211
Accounts payable	-	47,149	47,149
Accrued salaries and benefits	5,617	-	5,617
Unearned revenues	67,686	-	67,686
<b>Total current liabilities</b>	201,514	47,149	248,663
Noncurrent Liabilities			
Net pension liability	1,945,000	-	1,945,000
Accrued compensated absences	32,874	-	32,874
OPEB liabilities	284,950	-	284,950
<b>Total noncurrent liabilities</b>	2,262,824	-	2,262,824
<b>Total liabilities</b>	\$ 2,464,338	\$ 47,149	\$ 2,511,487
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 70,000	\$ -	\$ 70,000
Deferred amounts on OPEB liabilities	27,935	-	27,935
<b>Total deferred inflows of resources</b>	\$ 97,935	\$ -	\$ 97,935
<b>Net Position</b>			
Net investment in capital assets	\$ 339,909	\$ -	\$ 339,909
Unrestricted	(2,139,807)	844,363	(1,295,444)
<b>Total net position</b>	\$ (1,799,898)	\$ 844,363	\$ (955,535)

# DERRY TOWNSHIP SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS Year Ended June 30, 2020

	Food Service Fund	Granada Project Fund	Total
Operating Revenues			
Food service revenue	\$ 824,507	\$ -	\$ 824,507
Rental income	-	315,817	315,817
CAM income	-	560,604	560,604
<b>Total operating revenues</b>	<b>824,507</b>	<b>876,421</b>	<b>1,700,928</b>
Operating Expenses			
Salaries	536,000	-	536,000
Employee benefits	140,114	-	140,114
Food and supplies consumed	637,194	-	637,194
Other expenses	39,524	-	39,524
CAM expenses	-	590,603	590,603
Depreciation and amortization	77,100	-	77,100
<b>Total operating expenses</b>	<b>1,429,932</b>	<b>590,603</b>	<b>2,020,535</b>
<b>Operating income (loss)</b>	<b>(605,425)</b>	<b>285,818</b>	<b>(319,607)</b>
Nonoperating Revenues (Expenses)			
State subsidies for food service	23,924	-	23,924
State subsidy for social security payments	21,097	-	21,097
State subsidy for retirement payments	82,771	-	82,771
Federal subsidies	322,451	-	322,451
Value of U.S.D.A. commodities	90,628	-	90,628
Investment earnings	-	3,272	3,272
<b>Total nonoperating revenues</b>	<b>540,871</b>	<b>3,272</b>	<b>544,143</b>
<b>Income (loss) before contributions and transfers</b>	<b>(64,554)</b>	<b>289,090</b>	<b>224,536</b>
Contributions and Transfers			
Capital contributions	24,100	-	24,100
Interfund transfer in	26,161	-	26,161
<b>Total contributions and transfers</b>	<b>50,261</b>	<b>-</b>	<b>50,261</b>
<b>Changes in net position</b>	<b>(14,293)</b>	<b>289,090</b>	<b>274,797</b>
Net Position - July 1, 2019	(1,785,605)	555,273	(1,230,332)
Net Position - June 30, 2020	<u>\$ (1,799,898)</u>	<u>\$ 844,363</u>	<u>\$ (955,535)</u>

See Notes to Financial Statements.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2020**

	Food Service Fund	Granada Project Fund	Total
Cash Flows From Operating Activities			
Cash received from users	\$ 872,913	\$ 705,729	\$ 1,578,642
Cash payments to employees for services	(849,444)	-	(849,444)
Cash payments for goods and services	(460,271)	(698,836)	(1,159,107)
<b>Net cash provided by (used in) operating activities</b>	<b>(436,802)</b>	<b>6,893</b>	<b>(429,909)</b>
Cash Flows From Noncapital Financing Activities			
State subsidies	127,548	-	127,548
Federal subsidies	310,893	-	310,893
Transfers	26,161	-	26,161
<b>Net cash provided by noncapital financing activities</b>	<b>464,602</b>	<b>-</b>	<b>464,602</b>
Cash Flows From Capital and Related Financing Activities			
<b>Purchase of capital assets</b>	<b>(26,161)</b>	<b>-</b>	<b>(26,161)</b>
Cash Flows From Investing Activities			
<b>Investment earnings</b>	<b>-</b>	<b>3,272</b>	<b>3,272</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,639</b>	<b>10,165</b>	<b>11,804</b>
Cash and Cash Equivalents:			
July 1, 2019	3,177	504,628	507,805
June 30, 2020	<u>\$ 4,816</u>	<u>\$ 514,793</u>	<u>\$ 519,609</u>
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (605,425)	\$ 285,818	\$ (319,607)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	77,100	-	77,100
Value of donated commodities	90,628	-	90,628
(Increase) decrease in:			
Other accounts receivable	12,738	(125,630)	(112,892)
Inventories	(16,006)	-	(16,006)
Prepaid expenses	-	(4,851)	(4,851)
Deferred outflows of resources	67,625	-	67,625
(Decrease) increase in:			
Internal balances	157,308	17,447	174,755
Accounts payable	(15,483)	(120,829)	(136,312)
Accrued salaries and benefits	(1,824)	-	(1,824)
Unearned revenues	35,668	(45,062)	(9,394)
Accrued compensated absences	(22,398)	-	(22,398)
Net pension liability	(227,000)	-	(227,000)
OPEB liabilities	(24,726)	-	(24,726)
Deferred inflows of resources	34,993	-	34,993
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (436,802)</b>	<b>\$ 6,893</b>	<b>\$ (429,909)</b>
Supplemental Disclosure			
Noncash capital and related financing activity			
Capital contributions	\$ 24,100	\$ -	\$ 24,100
Noncash noncapital financing activity			
USDA donated commodities	\$ 90,628	\$ -	\$ 90,628

See Notes to Financial Statements.

## DERRY TOWNSHIP SCHOOL DISTRICT

### STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

	Private-Purpose Trust Fund	Agency Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 482,963	\$ 230,430	\$ 713,393
Investments	967,532	-	967,532
<b>Total assets</b>	<u>\$ 1,450,495</u>	<u>\$ 230,430</u>	<u>\$ 1,680,925</u>
<b>Liabilities</b>			
Due to other funds	\$ 77,658	\$ -	\$ 77,658
Due to student groups	-	229,517	229,517
Accounts payable	-	913	913
Unearned revenue	7,025	-	7,025
<b>Total liabilities</b>	<u>\$ 84,683</u>	<u>\$ 230,430</u>	<u>\$ 315,113</u>
<b>Net Position</b>			
Restricted	\$ 1,365,812	\$ -	\$ 1,365,812
<b>Total net position</b>	<u>\$ 1,365,812</u>	<u>\$ -</u>	<u>\$ 1,365,812</u>

See Notes to Financial Statements.

## DERRY TOWNSHIP SCHOOL DISTRICT

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2020

	Private-Purpose Trust Fund
Additions	
Interest earned	\$ 4,624
Contributions	1,353
<b>Total additions</b>	<u>5,977</u>
Deductions	
Scholarships awarded	22,300
Unrealized loss on investments	99,745
<b>Total deductions</b>	<u>122,045</u>
<b>Change in net position</b>	(116,068)
Net Position:	
July 1, 2019	1,481,880
June 30, 2020	<u>\$ 1,365,812</u>

See Notes to Financial Statements.



# **DERRY TOWNSHIP SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies**

Derry Township School District (the District) operates a public school system that encompasses one municipality in Dauphin County. The District operates one elementary school, one middle school and one high school. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The governing body of the District is comprised of a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. Funding for the District is received from local, Commonwealth and Federal sources and must comply with the requirements of the various funding source agencies.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

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

#### **A. Reporting Entity**

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used by the District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the District reviews the applicability of the following criteria:

The District is financially accountable for:

Organizations that make up the legal District entity.

Legally separate organizations if District officials appoint a voting majority of the organizations' governing body and the District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Impose its will: If the District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial benefit or burden: Exists if the District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

Organizations that are fiscally dependent on the District.

Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the District.

Based on the foregoing criteria, the District has no component entities that need to be included in the District's financial statements.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### A. Reporting Entity (Continued)

Joint Ventures: The District is a participant in several joint ventures, each of which is a separate legal entity that offers services to the District and its residents. These entities serve multiple school districts and municipalities and, therefore, are not included in this reporting entity as a component unit. These entities do not have taxing authority, but are required to adopt an annual budget, which is funded primarily by its members and others that use its services.

Dauphin County Area Vocational Technical School: The District is one of seven member school districts of the Dauphin County Technical School (DCTS). The Vo-Tech School provides vocational-technical education to the constituents of all participating school districts. Member school districts are responsible for funding the major portion of the Vo-Tech School's operating budget. For the year ended June 30, 2020, Derry Township School District paid \$515,944 for its estimated share of the operating budget. As of June 30, 2020, the Vo-Tech School's General Fund had total assets of \$3,652,706 and total liabilities of \$2,808,466. As of June 30, 2020, the Vo-Tech School had property and equipment net of accumulated depreciation of \$23,372,791, and long-term liabilities of \$50,322,785. The Vo-Tech School's outstanding balance on their Series of 2015 bond as of June 30, 2020, is \$15,915,000.

Derry Township Tax Collection Association: This Tax Association is a non-profit corporation created by both Derry Township School District and Derry Township to collect occupation privilege taxes and amusement taxes and to assist the elected tax collector in the collection of all real estate and occupation taxes and municipal street light assessments. The Association's expenses are shared equally by both the District and Township, with a contribution from the elected tax collector. During the year-ending June 30, 2020, the District paid \$165,600 for its estimated share of the operating expenses. As of December 31, 2019, the Tax Association's General Fund had total assets of \$173,608 and total liabilities of \$5,002, resulting in a total fund balance of \$168,606. As of December 31, 2019, the Tax Association had general fund fixed assets net of accumulated depreciation of \$28,757.

Capital Area Intermediate Unit: This Intermediate Unit provides support and services to students with special needs that cannot be provided by district staff.

Harrisburg Area Community College: Provides higher education services. All Dauphin County Schools provide support to reduce tuition for district residents who attend full time.

The most recent audited financial statements of these joint ventures are available for inspection at the District's business office.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **B. Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the 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 District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities, and for the business-type activities of the District. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 District.

Fund Financial Statements: During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

## **DERRY TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **C. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds for the year ended June 30, 2020:

The General Fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

The Capital Projects Funds are made up of the Capital Reserve Fund as well as the Capital Projects Fund. The Capital Reserve Fund was established by the Board in April 2008 to fund various future school projects. The annual funding level shall be adjusted based on a board approved "capital maintenance/growth plan" and shall not exceed three years of projected expenditures. Expenditures are limited to: capital improvements, replacement of and additions to public works and improvements, for deferred maintenance thereof, and for the purchase or the replacement of school buses, and for no other purpose. The Capital Projects Fund was established by the Board in 2019 and is used to account for and report financial resources that are restricted to expenditures for the acquisition, construction, or improvement of major capital facilities.

The Permanent Fund is a beneficial interest in a perpetual trust. The fund is legally restricted to the extent that only earnings, and not principal, are used for purposes that support the District's programs.

The Debt Service fund accounts for accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

Proprietary Funds focus on the determination of the changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. The District reports the following enterprise funds:

The Food Service Fund accounts for the financial transactions related to food service operations.

The Granada Project Fund accounts for financial transactions related to facility rental operations.

## **DERRY TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **C. Fund Accounting (Continued)**

Fiduciary Fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District's only trust funds are private purpose trust funds which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for assets held as an agent for various student activities.

##### **D. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from Federal, State and other grants designated for payment of specific School District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## **DERRY TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **E. Budgets and Budgetary Accounting**

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

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

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

The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The Board of School Directors made no supplemental budgetary appropriations throughout the year.

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

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

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents and Investments: Cash includes all demand deposits, petty cash, savings, money market accounts and Certificates of Deposit owned by the District. Investments include repurchase agreements, investment trusts which mature at a future date, mutual funds and United States Treasury Notes. Investments are stated at fair value. Accrued interest is reflected as “other receivables” on the balance sheet.

The District is authorized by Sec. 440.1 of the Public School Code of 1949, as amended, to invest in United States Treasury Bills, short-term obligations of the United States Government or its agencies and instrumentalities, or in deposits, in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF), to the extent that such accounts are so insured, and for any amounts above the insured maximums, provided that approved collateral as required by provisions of Act No. 72 of the Commonwealth of Pennsylvania are pledged by the depository.

For purposes of these financial statements, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Interfund Balances: On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payable.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Inventory: On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are based upon the latest invoice price, which approximates cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. Inventories of the governmental funds and enterprise fund are expensed when used.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

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.

All 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 District maintains a capitalization threshold of \$500. The District does not possess any infrastructure. Improvements are capitalized; 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 not.

All reported capital assets except land, land improvements and construction-in-progress 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and improvements	20-50 years	N/A
Furniture and equipment	5-15 years	5-12 years
Vehicles	8-10 years	N/A

Deferred Outflows of Resources - Pensions: The District recognizes the difference between expected and actual experience, changes in assumptions, changes in proportion, the difference between employer contributions and proportionate share of total contributions and the contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Other Post-Employment Benefits: The District recognizes the difference between expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings, changes in proportion, the difference between employer contributions and proportionate share of total contributions, benefit payments subsequent to the measurement date and contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow which is a component of interest expense over the remaining life of the old or new debt, whichever is shorter.



## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

Compensated Absences: Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments. The compensated absence liability is reported on the government-wide financial statements.

Pensions: Substantially all full-time and qualifying part-time employees of the District participate in a cost-sharing, multiple-employer defined benefit pension plan. 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.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

**Other Post-Employment Benefits:** In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans, the first is a single employer plan administered by the District. The plan provides retiree health, vision, dental care and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2020, are as follows:

	Governmental Activities	Business-Type Activities	Total
<b>OPEB Liabilities</b>			
District's Single Employer Plan	\$ 9,650,535	\$ 196,950	\$ 9,847,485
PSERS Cost Sharing Plan	4,334,000	88,000	4,422,000
Total	<u>\$ 13,984,535</u>	<u>\$ 284,950</u>	<u>\$ 14,269,485</u>
<b>Deferred Outflows of Resources</b>			
District's Single Employer Plan	\$ 202,743	\$ 4,138	\$ 206,881
PSERS Cost Sharing Plan	558,600	11,400	570,000
Total	<u>\$ 761,343</u>	<u>\$ 15,538</u>	<u>\$ 776,881</u>
<b>Deferred Inflows of Resources</b>			
District's Single Employer Plan	\$ 1,241,401	\$ 25,335	\$ 1,266,736
PSERS Costs Sharing Plan	128,400	2,600	131,000
Total	<u>\$ 1,369,801</u>	<u>\$ 27,935</u>	<u>\$ 1,397,736</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 12 and 13, respectively.

# DERRY TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Inflows of Resources - Unearned Revenues: The District recognizes property tax revenues when they become available. Available includes those property taxes expected to be collected within 60 days after year-end. Those property taxes expected to be collected beyond 60 days after year-end are shown as deferred revenue in the fund financial statements. Governmental funds also defer revenues in connection with resources that have been received, but not yet earned.

Deferred Inflows of Resources - Pensions: The District recognizes the difference between expected and actual experience and net difference between projected and actual investment earnings as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Inflows of Resources - Other Post-Employment Benefits: The District recognizes the difference between expected and actual experience and changes in assumptions as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Government-wide Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of these assets.

Restricted: Represents amounts with external constraints placed on the use of these resources or imposed through constitutional provisions or enabling legislation. Restricted net position for the governmental activities is composed of the following:

	Amount
Capital improvements	\$ 4,974,947
Beneficial interest in perpetual trust (nonexpendable)	43,724,356
Total restricted net position	<u>\$ 48,699,303</u>

There were no restrictions placed on net position for the business-type activities.

Unrestricted: The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not reported in net investment in capital assets or as restricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Fund Balances: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Represents amounts that cannot be spent either because they are in non-spendable form (such as inventory or prepaids) or because they are legally or contractually required to be maintained intact (such as notes receivable or principal of a permanent fund).

Restricted: Represents amounts with external constraints placed on the use of these resources (such as grantors, bondholders and higher level of government) or imposed through constitutional provisions or enabling legislation.

Committed: Represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned: Represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Business Manager. The District does not have any amounts that are assigned.

Unassigned: Represents amounts that are available for any purpose, reported only in the General Fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expensed is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and unassigned fund balance.

The District's policy is to maintain eight percent (8%) of annual budgeted operating expenditures for the next fiscal year as its maximum general fund unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General Fund	Capital Projects Fund	Permanent Fund	Total
Nonspendable				
Inventory	\$ 159,948	\$ -	\$ -	\$ 159,948
Prepaid expenses	7,312	-	-	7,312
Note receivable	202,881	-	-	202,881
Beneficial interest in perpetual trust	-	-	43,724,356	43,724,356
Restricted				
Capital improvements	-	8,101,355	-	8,101,355
Committed				
Health benefits	2,000,000	-	-	2,000,000
Retirement stabilization	884,692	-	-	884,692
Unassigned	5,916,187	-	-	5,916,187
Total	<u>\$ 9,171,020</u>	<u>\$ 8,101,355</u>	<u>\$ 43,724,356</u>	<u>\$ 60,996,731</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### G. Other

Encumbrances: Encumbrances at year-end are reported in the fund financial statements as restricted or committed fund balances since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year.

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

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 7, 2021, the date that the financial statements were available to be issued. See Note 18.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments

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

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by:
  1. The Federal Deposit Insurance Corporation (FDIC), or
  2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
  3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of these political subdivisions
- Shares of investment companies whose investments are restricted to the above categories

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

#### Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank default, the District's investments may not be returned to it. A summary of the District's deposits at June 30, 2020, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	First National Bank
Insured (FDIC)	4,054,390	4,054,390	Bryn Mawr Trust
Uninsured, collateralized in accordance with Act 72	15,849,023	16,328,522	First National Bank
	<u>\$ 20,153,413</u>	<u>\$ 20,632,912</u>	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments (Continued)

##### Investments

It is the District's investment policy to optimize its return through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments. The primary objectives of investment activities, in priority order, shall be:

1. Legality - All investments shall be made in accordance with applicable laws of Pennsylvania.
2. Safety - Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.
3. Liquidity - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.
4. Yield - Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

At June 30, 2020, the District had no investments with maturities greater than 12 months within the governmental funds.

As of June 30, 2020, the James L. Fillmore Scholarship Trust Fund (contained within the fiduciary fund - private purpose trust fund), to be used to provide scholarships for students to attend the University of Cincinnati, had the following investments:

Investments	Fair Value
Money Market Fund	\$ 19,123
Mutual Funds	714,242
Common Stock	181,390
Exchange Traded Funds	71,900
Total investments	<u>\$ 986,655</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Common Stocks, Mutual Funds and Exchange Traded Funds: The fair value of common stocks and mutual funds are based on closing market prices for the identical security as reported in active markets. These investments are reported at fair value as Level 1 investments under GASB Statement No. 72.

Money Market Funds: Fixed income securities do not always trade on a daily basis so the fair values of each security are dependent upon various pricing models that incorporate benchmark yields, interest rates, credit risk, broker-dealer quotes and other valuation processes. These investments are reported at fair value as a Level 2 investment under GASB Statement No. 72.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 3. Beneficial Interest in a Perpetual Trust

The District is named the beneficiary in a perpetual trust, which originated from a bequest by Milton S. Hershey in 1946 and is administered by Fulton Bank, NA. The perpetual trust is to pay income to the District quarterly, and the District is to use the funds for such purpose as determined by the District Board. The funds in the trust are restricted and are not available to the District, except for distributions made from the trust to the District per the trust agreement and state law governing perpetual trusts. Assets of the perpetual trust are restricted in the statement of net position and designated as nonspendable in the governmental funds balance sheet. The assets are recorded at fair value. Income less trustee fees and changes in fair value of the perpetual trust are recorded as investment earnings. The following is a summary of the transactions for the year ended June 30, 2020:

	Amount
Balance at July 1, 2019	\$ 43,732,076
Net investment income	1,850,045
Trustee fees	(157,001)
Transfers to general fund	(1,700,764)
Balance at June 30, 2020	<u>\$ 43,724,356</u>

The assets of the perpetual trust are categorized as Level 3. Financial assets valued using level 3 inputs are based on significant unobservable inputs and have the lowest priority. According to FASB ASC 820-10-35-58, if an organization will never be able to redeem its investment at the net asset value per share (as in a perpetual trust), the measurement should be categorized as a Level 3 fair value measurement.

#### Note 4. Property Taxes

Based upon assessed valuations provided by the County, the District bills and collects its own property taxes. The schedule for property taxes levied for 2019-2020 is as follows:

July 1, 2019	Tax levy date
Through August 31, 2019	2% discount
September 1 - October 31, 2019	Face payment period
November 1 - December 31, 2019	10% penalty period
January 1, 2020	Lien filing date

The District's tax rate for all purposes in 2019-2020 was 18.7958 mills (\$18.7958 per \$1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania's accounting system. Current tax collections for the District were approximately 99% of the total tax levy.



## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 5. Taxes Receivable, Deferred Inflows of Resources, and Estimated Uncollectible Taxes**

A summary of the taxes receivable and related accounts at June 30, 2020, are as follows:

	Amount
Uncollected Taxes	\$ 2,698,642
Estimated uncollectible taxes	(2,237,107)
Taxes Receivable - Net	<u>\$ 461,535</u>
Taxes to be collected within 60 days	\$ 84,482
Deferred inflows of resources - delinquent property taxes	377,053
Taxes Receivable - Net	<u>\$ 461,535</u>

#### **Note 6. Note Receivable - Township of Derry**

In March 2002, the District entered into the Gymnasium Facility Joint Management and Use Agreement with the Township of Derry. This agreement requires that the Township of Derry pay an annual user fee to the District in an amount equal to the proportionate share of the costs in renovating the Granada Gymnasium, together with an interest component equal to the District's cost of funds to finance the construction and financing of the renovations and an annual administrating fee. The Township of Derry's proportionate share of cost for the renovation amounted to \$904,440. Interest will be paid on this amount based on the same interest rate the District incurred on the debt (series of 2012) directly related to this renovation, which ranges from 1.45% to 3.00%.

The amortization schedule of this receivable is as follows:

Year Ending June 30:	Principal Maturities	Interest	Total
2021	\$ 65,844	\$ 4,404	\$ 70,248
2022	67,673	3,087	70,760
2023	69,364	1,666	71,030
Totals	<u>\$ 202,881</u>	<u>\$ 9,157</u>	<u>\$ 212,038</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Interfund Receivables and Payables and Transfers

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

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 208,006	\$ 128,043
Capital Projects	-	2,137
Proprietary Funds		
Food Service	-	128,211
Granada Project	128,043	-
Fiduciary Fund		
Private Purpose Trust	-	77,658
	<u>\$ 336,049</u>	<u>\$ 336,049</u>

In order to take advantage of higher interest rates, the District holds all of the cash for each fund in one account. They make monthly transfers to cover the expenses of each fund. The balances in the interfund receivables are the amount of cash belonging to that fund in the general fund account.

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances are expected to be repaid within the following year.

Individual fund transfers during the fiscal year ended June 30, 2020, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ 1,700,764	\$ 5,581,190
Capital Projects	1,000,000	-
Permanent	-	1,700,764
Debt Service	4,555,029	-
Proprietary Fund		
Food Service	26,161	-
	<u>\$ 7,281,954</u>	<u>\$ 7,281,954</u>

Transfers and payments within the District are substantially for purposes of funding capital projects and asset acquisitions or maintaining debt service on a routine basis. Transfers are made from the general fund to the food service fund for operation of the school's cafeteria program. Transfers are made from the permanent fund to the general fund for investment earnings of the fund. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

**DERRY TOWNSHIP SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS****Note 8. Capital Assets**

Capital asset activity for the year ended June 30, 2020, was as follows:

	July 1, 2019	Increases	Decreases	June 30, 2020
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,047,274	\$ -	\$ -	\$ 1,047,274
Construction-in-progress	361,555	805,143	406,667	760,031
Total capital assets not being depreciated	1,408,829	805,143	406,667	1,807,305
Capital assets being depreciated				
Site improvements	10,730,724	-	-	10,730,724
Buildings and building improvements	115,643,021	1,618,961	-	117,261,982
Furniture and equipment	29,043,184	1,836,034	363,810	30,515,408
Total capital assets being depreciated	155,416,929	3,454,995	363,810	158,508,114
Less accumulated depreciation				
Site improvements	6,183,376	519,421	-	6,702,797
Buildings and building improvements	48,953,576	2,952,032	-	51,905,608
Furniture and equipment	25,127,703	1,350,202	331,923	26,145,982
Total Accumulated Depreciation	80,264,655	4,821,655	331,923	84,754,387
Total capital assets being depreciated, net	75,152,274	(1,366,660)	31,887	73,753,727
Total Governmental Activities, Capital Assets - Net	\$ 76,561,103	\$ (561,517)	\$ 438,554	\$ 75,561,032
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Equipment	\$ 2,201,064	\$ 50,261	\$ 53,407	\$ 2,197,918
Less accumulated depreciation				
Equipment	1,834,316	77,100	53,407	1,858,009
Business-Type Activities, Capital Assets - Net	\$ 366,748	\$ (26,839)	\$ -	\$ 339,909

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Capital Assets (Continued)

Depreciation on equipment was charged to functions/programs of the primary government as follows:

	Amounts
Governmental Activities:	
Instruction	\$ 3,267,311
Instructional student support	475,857
Administrative and financial support services	480,907
Operation and maintenance of plant services	314,548
Pupil transportation	158,743
Student activities	123,395
Other community services	894
Total governmental activities	<u>4,821,655</u>
Business-Type Activities	
Food service	<u>77,100</u>
Total School District	<u><u>\$ 4,898,755</u></u>

# DERRY TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Long-Term Obligations

A summary of the reporting entity's long-term obligations as of June 30, 2020, and transactions during the year then ended follows:

	July 1, 2019	Increases	Decreases	June 30, 2020	Due within one year
<b>Governmental activities:</b>					
Bonds and notes payable					
Series A of 2012	\$ 2,195,000	\$ -	\$ 340,000	\$ 1,855,000	\$ 345,000
Series of 2014	9,640,000	-	9,640,000	-	-
Series of 2015	3,755,000	-	1,820,000	1,935,000	635,000
Series A of 2015	5,775,000	-	170,000	5,605,000	1,095,000
Series of 2016	3,085,000	-	1,360,000	1,725,000	410,000
Series A of 2019	3,055,000	-	45,000	3,010,000	65,000
Series B of 2019	1,555,000	-	-	1,555,000	-
Series C of 2019	-	9,030,000	45,000	8,985,000	1,305,000
Net premium (discount) on bonds	308,805	588,887	-	897,692	-
Total bonds and notes payable	29,368,805	9,618,887	13,420,000	25,567,692	3,855,000
Dauphin County Technical School					
lease obligation	2,963,771	-	190,858	2,772,913	184,470
Other lease obligations	267,016	415,805	405,619	277,202	138,601
Compensated absences	1,421,921	65,999	-	1,487,920	-
<b>Total governmental activities</b>					
<b>long-term obligations</b>	<b>\$ 34,021,513</b>	<b>\$ 10,100,691</b>	<b>\$ 14,016,477</b>	<b>\$ 30,105,727</b>	<b>\$ 4,178,071</b>
<b>Business-type activities:</b>					
Compensated absences	\$ 55,272	\$ -	\$ 22,398	\$ 32,874	\$ -
<b>Total business-type activities</b>					
<b>long-term obligations</b>	<b>\$ 55,272</b>	<b>\$ -</b>	<b>\$ 22,398</b>	<b>\$ 32,874</b>	<b>\$ -</b>

General Obligation Bonds - Series A of 2012 - On December 19, 2012, the District authorized the issuance of General Obligation Bonds, Series A of 2012, in the aggregate principal amount of \$3,240,000. The proceeds of the bonds were used to provide funds to: (1) fund alterations, additions and renovations to the Hershey Middle School, including a new HVAC system for the middle school, and other various capital improvement projects of the District; (2) pay the costs of issuing the bonds. The Bonds bear interest rates that shall not exceed 2.00%; the initial rate is 0.30%. The bonds mature serially in amounts ranging from \$5,000 to \$805,000 through 2025.

General Obligation Bonds - Series of 2014 - On February 24, 2014, the District authorized the issuance of General Obligation Bonds, Series of 2014, in the aggregate principal amount of \$9,820,000. The proceeds of the bonds were used to provide funds to: (1) advance refund the outstanding General Obligation Bonds, Series of 2010 of the District; and (2) pay the costs of issuing the bonds. The Bonds bore interest rates that shall not exceed 3.00%; the initial rate was 0.15%. The bonds were to mature serially in amounts ranging from \$5,000 to \$3,415,000 through 2025. On December 20, 2019, the District issued General Obligation Bonds - Series C of 2019 to fully refund these bonds.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2015 - On February 19, 2015, the District authorized the issuance of General Obligation Bonds, Series of 2015, in the aggregate principal amount of \$9,995,000. The proceeds of the bonds were used to provide funds to: (1) the partial current refunding and redemption of the general obligation bonds, series A of 2010 of the District; and (2) pay the costs of issuing the bonds. The refunding reduced total debt service payments by \$722,397 over the next 8 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of \$686,114. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 0.20%. The bonds mature serially in amounts ranging from \$105,000 to \$1,820,000 through 2023.

General Obligation Bonds - Series A of 2015 - On November 23, 2015, the District authorized the issuance of General Obligation Bonds, Series A of 2015, in the aggregate principal amount of \$6,120,000. The proceeds of the bonds were used to provide funds to: (1) advance refund a portion of the outstanding General Obligation Bonds, Series of 2008 of the District; and (2) pay the costs of issuing the bonds. A portion of the proceeds was irrevocably deposited in an escrow fund maintained by Manufacturers and Traders Trust Company. These proceeds were used to purchase certain United States Treasury Securities, which will mature and earn interest to provide for all future debt service on the refunded portion of the Series 2008 bonds. As a result, a portion of the Series 2008 bonds are considered defeased and the District has removed a portion of the liability from its accounts. The outstanding principal of the defeased bonds was \$5,875,000 at June 30, 2018, and this amount was paid in full during the year-ending June 30, 2019. The advanced refunding reduced total debt service payments by \$712,639 over the next 9 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of \$674,897. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 1.00%. The bonds mature serially in amounts ranging from \$170,000 to \$2,230,000 through 2024.

General Obligation Bonds - Series of 2016 - On February 22, 2016, the District authorized the issuance of General Obligation Bonds, Series of 2016, in the aggregate principal amount of \$7,200,000. The proceeds of the bonds were used to provide funds for: (1) the current refunding of the general obligation bonds, series of 2011 of the District; and (2) pay the costs of issuing the bonds. The refunding reduced total debt service payments by \$269,880 over the next 9 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of \$267,605. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 0.37%. The bonds mature serially in amounts ranging from \$255,000 to \$1,360,000 through 2023.

General Obligation Notes - Series A of 2019 - On December 17, 2018, the District authorized the issuance of General Obligation Notes, Series A of 2019, in the aggregate principal amount of \$3,310,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series of 2012, of the District; (2) the current refunding of a portion of the outstanding General Obligation Bonds, Series A of 2012, of the District, (3) various capital projects of the District and (4) pay the costs of issuing the notes. The economic loss on the refunding of the 2012 and 2012A bonds was \$165,934. The Notes bear interest rates that shall not exceed 4.00%; the initial rate is 1.78%. The notes mature serially in amounts ranging from \$10,000 to \$1,685,000 through 2026.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Long-Term Obligations (Continued)

General Obligation Notes - Series B of 2019 - On December 17, 2018, the District authorized the issuance of General Obligation Notes, Series B of 2019, in the aggregate principal amount of \$1,555,000. The proceeds of the notes were used to provide funds to: (1) various capital projects of the District and (2) pay the costs of issuing the notes. The Notes bear an interest rate of 3.5%. The notes are not subject to redemption prior to maturity and are scheduled to mature in May 2026.

General Obligation Bonds - Series C of 2019 - On December 20, 2019, the District authorized the issuance of General Obligation Notes, Series C of 2019, in the aggregate principal amount of \$9,030,000. The proceeds of the bonds were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series of 2014, of the District and (2) pay the costs of issuing the bonds. The economic gain on the refunding of the 2014 bonds was \$421,150. The bonds bear interest rates that shall not exceed 4.00%, the initial rate is 1.20%. The bonds mature serially in amounts ranging from \$45,000 to \$3,380,000 through 2024.

The following is a schedule of principal and interest requirements to service the general long-term debt of the District:

Years	General Obligation Debt		
	Principal	Interest	Total
2020-2021	\$ 3,855,000	\$ 705,700	\$ 4,560,700
2021-2022	3,970,000	590,125	4,560,125
2022-2023	4,075,000	479,875	4,554,875
2023-2024	4,205,000	357,175	4,562,175
2024-2025	4,325,000	232,175	4,557,175
2026-2030	4,240,000	144,975	4,384,975
	<u>\$ 24,670,000</u>	<u>\$ 2,510,025</u>	<u>\$ 27,180,025</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Long-Term Obligations (Continued)

##### Lease Obligations - Dauphin County Technical School Lease Obligation

The Board of Directors of the District authorized the incurring of lease rental debt in connection with the Dauphin County Technical School, by entering into an agreement of lease and guaranty with Dauphin County Technical School, dated March 15, 2007. The Technical School constructed improvements and renovations and acquired equipment for the Technical School and has financed it by issuing \$24,750,000 in School Lease Revenue Bonds, Series of 2007, dated March 15, 2007. These bonds were refinanced by the issuance of Series of 2015, dated March 15, 2015, in the amount of \$19,005,000. This debt is supported by the full faith, credit and taxing power of the seven member school districts who participate in the Technical School. Derry Township School District's original share of this debt was \$3,170,034, which was based on the market valuation of all taxable real property in each school district.

The following is a schedule of principal and interest requirements to service the Lease Obligations - Dauphin County Technical School Bond requirements of the District:

Years	Vo-Tech Lease Obligation		
	Principal	Interest	Total
2020-2021	\$ 184,470	\$ 103,552	\$ 288,022
2021-2022	192,071	95,827	287,898
2022-2023	200,402	87,757	288,159
2023-2024	208,787	79,291	288,078
2024-2025	218,010	70,381	288,391
2026-2030	1,239,843	200,527	1,440,370
2030-2031	529,330	6,163	535,493
	<u>\$ 2,772,913</u>	<u>\$ 643,498</u>	<u>\$ 3,416,411</u>

##### Compensated Absences

Under the terms of the District's employment policies, employees are reimbursed for accrued vacation upon retirement or other termination of employment. The reimbursement rate is established by the employment contract and varies by employee classification. In addition, employees are granted sick days per school year, and any unused sick days are permitted to be carried over to future years. Upon retirement from the District, employees are reimbursed for accumulated sick days equal to the number of unused days multiplied by an amount established by the employment contract. The employees are also offered options regarding retirement payouts as prescribed in the contract if certain conditions are met. The total liability for accrued vacation, sick leave and retirement bonuses has been reflected in the Statement of Net Position.



## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Long-Term Obligations (Continued)

##### Other Lease Obligations

The District leases computers which are located throughout the District. The related lease agreements qualify as capital leases, and accordingly, these transactions are recorded at the present values of related future, minimum lease payments as of the inception date. All lease-purchase obligations are funded by the General Fund.

The assets acquired through capital leases are as follows:

	Amount
Assets:	
Computers	\$ 1,216,856
Less accumulated depreciation	(939,654)
Total computers - net book value	<u>\$ 277,202</u>

The following is a schedule of the future, minimum lease payments due under the lease-purchase obligations as of June 30, 2020:

Years	Amount
2020-2021	\$ 138,601
2021-2022	138,601
Total present value of minimum lease payments	<u>\$ 277,202</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Operating Lease Commitments

On March 1, 2017, the District entered into a five-year lease agreement with Fraser Advanced Information Systems for the lease of copier equipment. Lease rentals totaling \$25,640 were paid during the year ended June 30, 2020. The following is a schedule by years of future lease rentals under the lease at June 30, 2020:

Year Ending June 30:	Minimum Lease Obligation
2021	\$ 25,640
2022	17,088
Total	<u>\$ 42,728</u>

On September 1, 2014, the District entered into a five-year lease agreement with JGF Funding, LLC for the leasing of copier equipment. Lease rentals totaling \$69,726 were paid during the year ended June 30, 2020. The following is a schedule by years of future lease rentals under the lease at June 30, 2020:

Year Ending June 30:	Minimum Lease Obligation
2021	\$ 31,979
Total	<u>\$ 31,979</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 11. Defined-Benefit Pension Plan**

##### Plan Description

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

##### Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. 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 10 years of service.

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

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

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 11. Defined-Benefit Pension Plan (Continued)**

##### Contributions

###### Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

###### Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2020, was 34.29% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 34.29% rate is composed of a contribution rate of 33.45% for pension benefits and .84% for healthcare insurance premium assistance (OPEB benefits)

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2020, was \$9,732,247, and is equal to the required contribution for the year. For the year ended June 30, 2020, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$4,977,719.

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

At June 30, 2020, the District reported a liability of \$97,261,000 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 District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was .2079%, which was an increase of .0022 from its proportion measured as of June 30, 2018.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### Note 11. Defined-Benefit Pension Plan (Continued)

##### Pension Liabilities, Pension Expense, Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year-ended June 30, 2020, the District recognized pension expense of \$12,001,441. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 536,000	\$ 3,224,000
Changes in assumptions	930,000	-
Net difference between projected and actual investment earnings	-	279,000
Changes in proportion	2,670,000	-
Difference between employer contributions and proportionate share of total contributions	135,867	-
Contributions subsequent to the measurement date	9,732,000	-
	<u>\$ 14,003,867</u>	<u>\$ 3,503,000</u>

\$9,732,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Total
2021	\$ 1,920,320
2022	(625,453)
2023	(698,000)
2024	172,000
	<u>\$ 768,867</u>

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

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Defined-Benefit Pension Plan (Continued)

##### Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

##### Investments

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.

For the year ended June 30, 2019, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	-20.0%	0.7%
	<u>100.0%</u>	

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

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Defined-Benefit Pension Plan (Continued)

##### Discount Rate

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

##### Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 121,149,000	\$ 97,261,000	\$ 77,034,000

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

##### Plan Payables

At June 30, 2020, the District has payables to the PSERS pension plan of \$3,183,638. This total is composed of staff payroll accruals for retirement contributions.

##### Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, are required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a standalone defined contribution plan. PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6%.

# DERRY TOWNSHIP SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Post-Employment Benefits - District's Single Employer Plan

#### Plan Description, Benefit Terms and Funding Policy

The District provides retiree health, vision and dental care benefits, including prescription drug coverage, to eligible, retired employees and qualified spouses/beneficiaries. This is a single-employer, defined-benefit plan administered by the District. The District funds OPEB on a pay-as-you go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the plan are summarized in the chart below:

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<b><u>I. ADMINISTRATORS &amp; ACT 93</u></b>			
A) Retired prior to July 1, 2016	N/A - Already retired	Coverage: Medical, Prescription Drug, Dental and Vision coverage for Retiree and Spouse (if spouse has no other coverage) Premium Sharing: Fully paid by District	Retiree and Spouse coverage is provided until Retiree is eligible for Medicare or until Retiree's death, whichever is earlier.
B) Retire on or after July 1, 2016	Age 57 with 20 years of PSERS service and 5 years of service within DTSD	Coverage: Medical and Prescription Drug coverage for Retiree and Spouse (if spouse has no other coverage) Premium Sharing: <b>Group 1 (Principals, Directors, Assistant Superintendent):</b> The premium sharing for Medical and Prescription Drug coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate <b>Group 2 (Admin Support Staff, Computer Techs):</b> The premium sharing for Medical and Prescription Drug coverage is set at 9% (4.5% if participating in Wellness program) of the previous school year's full COBRA rate.	Same as IA
<b><u>II. TEACHERS UNION</u></b>	Age 57 with 20 years of PSERS service and 15 years of service within DTSD	Coverage: Medical, Prescription Drug and Vision (Vision coverage is 30+ years of service with DTSD) coverage for Retiree and Spouse (Spousal Coverage Surcharge may apply) Premium Sharing: The premium sharing for Medical and Prescription Drug coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate Vision coverage is fully paid by the District	Same as IA
<b><u>III. NON PROFESSIONAL UNION</u></b>	Act 110/43	Act 110/43	Coverage is provided until Retiree is eligible for Medicare or until Retiree's death, whichever is earlier. Spouse coverage ends at Spouse Medicare eligibility if earlier than above.

#### **Notes:**

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reached Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

#### **PSERS Superannuation Retirement:**

- 1) For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
- 2) For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

Coordination with Medicare: Plan benefits pay secondary to Medicare



## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

##### Employees Covered by Benefit Terms

As of the July 1, 2018 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitle to but not yet receiving benefit payments	-
Active employees	410
	<u>426</u>

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

At June 30, 2020, the District reported a liability of \$9,847,485 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2018. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	<u>\$ 9,377,227</u>
Changes for the year	
Service cost	725,598
Interest	296,918
Changes in assumptions	(295,392)
Estimated benefit payments	<u>(256,866)</u>
Net changes	470,258
Total OPEB Liability, ending	<u>\$ 9,847,485</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$909,786. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 806,326
Changes in assumptions	3,969	460,410
Benefit payments subsequent to the measurement date	202,912	-
	<u>\$ 206,881</u>	<u>\$ 1,266,736</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$202,912 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	Total
2021	\$ (112,730)
2022	(112,730)
2023	(112,730)
2024	(112,730)
2025	(112,730)
Thereafter	(699,117)
	<u>\$ (1,262,767)</u>

##### Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%.
- Salary Increases - 2.5% cost of living adjustment, 1% real wage growth and for teachers and administrators a merit increases which varies by age from 2.75 to 0%.
- Discount Rate - 3.36%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2019.
- Health Care Cost Trend Rate - 6.0% in 2018, and 5.5% in 2019-2021. 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.
- Retirees' Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are separate and assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

##### Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the district calculated using the discount rate of 3.36%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.36%) or one-percentage-higher (4.36%) than the current discount rate:

	1% Decrease 2.36%	Current Discount Rate 3.36%	1% Increase 4.36%
Total OPEB liability	\$ 10,637,031	\$ 9,847,485	\$ 9,099,472

The discount rate used to measure the total OPEB liability increased from 2.98% as of July 1, 2018 to 3.36% as of July 1, 2019.

##### Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the district calculated using the health care cost trend rates of (6.0% decreasing to 3.8%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 8,574,556	\$ 9,847,485	\$ 11,361,855

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan**

##### System Administration

The administrative staff of the Pennsylvania Public School Employees' Retirement System (PSERS or the System) administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The System is a governmental cost-sharing, multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania (Commonwealth). The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The control and management of the System, including the investment of its assets is vested in the Board of Trustees (Board). The Commonwealth's General Assembly has the authority to amend the benefit terms of the System by passing bills in the Senate and House of Representatives and sending them to the Governor for approval.

##### Plan Description and Benefits Provided - Health Insurance Premium Assistance Program

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

##### Premium Assistance Eligibility Criteria

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

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

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2020, was 0.84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$244,397 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$4,422,000 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 relates to the total one year reported covered payroll. At June 30, 2019, the District's proportion was .2079%, which was an increase of .0022 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$237,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,000	\$ -
Changes in assumptions	147,000	131,000
Net difference between projected and actual investment earnings	7,000	-
Changes in proportion	141,000	-
Difference between employer contributions and proportionate share of total contributions	6,000	-
Contributions subsequent to the measurement date	244,000	-
	<u>\$ 570,000</u>	<u>\$ 131,000</u>

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

\$244,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2021	\$ 30,500
2022	30,500
2023	29,500
2024	28,500
2025	52,000
Thereafter	24,000
	<u>\$ 195,000</u>

##### 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 actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 14. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

##### Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2017, determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates 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 consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

##### Investments

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.

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

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

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)**

##### 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, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

##### Change in Actuarial Assumptions

The discount rate used to measure the total OPEB liability decreased from 2.98% as of June 30, 2018 to 2.79% as of June 30, 2019.

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

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

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
District's proportionate share of the net OPEB liability	\$ 5,037,000	\$ 4,422,000	\$ 3,912,000



## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)**

##### Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7.75%) that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,421,000	\$ 4,422,000	\$ 4,422,000

##### OPEB Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2020, the District has payables to the OPEB plan of \$79,948.

#### **Note 14. Commitments**

##### Lease Buyout Commitments

On November 1, 2015, the District terminated its Master Lease Agreement (including all amendments) dated April 17, 2001, with Room One Corporation (ROC). The District paid a termination price in the amount of \$1,629,000 to ROC to assume all ROC's rights, duties and obligations under the Master Lease and all subleases and sub-subleases. The termination price of \$1,629,000 was fully amortized as of June 30, 2018.

Future payments to ROC will be dependent upon the Lease Agreement with the Milton S. Hershey Medical Center (Hershey Lease). The Hershey Lease requires the District to pay to ROC one half of the Base Rent described in the Hershey Lease until October 31, 2021. These financial statements have reflected these payments to ROC as reduced rental income in the Granada Project Fund.

#### **Note 15. Act 93 Employee Annuity**

The District provides all Act 93 employees with a tax sheltered annuity. The District provides a \$0.50 contribution to each \$1.00 of employee contribution, up to a maximum District contribution of \$2,500. The District contributed \$38,590 to the plan for the year ended June 30, 2020.

## DERRY TOWNSHIP SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 16. Risk Management

The policy of the District is to not purchase health and vision insurance for the risks of losses to which it is exposed. Instead, the District's management policy is that it is more economical to manage its risks internally. The District pays all claims for risk of loss which the District is exposed, including medical, dental, drug and vision claims, which are administered by third parties. The District has purchased stop loss insurance from commercial insurers that will reimburse the District for 100% of all medical claims over \$170,000 per year per participant with exceptions. The District will also receive a stop loss reimbursement of 100% for all medical claims which exceed \$6,525,733 in the aggregate for the year.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because of delays between the time a claim is incurred and it is reported to the District for payment, the estimated liability does not necessarily result in an exact amount. A current, net receivable has been included in accrued salaries and benefits of the General Fund for claims reported but not paid by June 30, 2020, plus accrued teachers summer benefits, which both amount to \$(63,294). The current year's asset is due to stop loss reimbursements in excess of incurred but not reported claim amounts at year-end. Changes in the District's claims liability (asset) amount for the year ended June 30, 2020, were:

	Amount
Liability - beginning of year	\$ 120,492
Current year claims and changes in estimates	5,312,209
Less - claim payments	(5,495,995)
Liability (Asset) - end of year	<u><u>\$ (63,294)</u></u>

The District continues to carry commercial insurance for all other risks of loss, including workers compensation, liability and property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **DERRY TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 17. Contingent Liabilities**

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District is involved in various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be covered under the District's professional liability insurance policy and would not have a material effect on the financial position of the District.

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

#### **Note 18. Subsequent Events**

##### COVID-19 Pandemic

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have impacted the operations and finances of school districts. Changes in service approach, labor and personnel changes, facility closings, contracted service disruptions, personal protective equipment purchases, and technological equipment acquisitions have affected all school districts. Unstable conditions enhance school district's risk factors as they have significant reliance on revenues from taxpayers and governmental agencies to fund their operations. These factors impact revenue recognition, cash flows and liquidity, and contingencies. Presently, the ultimate, effects of this crisis on financial position, results of operations, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

##### Lease Financing

On July 1, 2020, the District entered into a capital lease with Apple, Inc. for personal computers, electronic devices, servers and networking equipment. The lease total is approximately \$867,000 with annual payments to be made over the next four years.

##### Debt Issuance

On December 14, 2020, the District adopted a resolution to issue General Obligation Note – Series of 2021 and General Obligation Bond - Series A of 2021, in the aggregate principal amount not to exceed \$6,000,000. The proceeds will be used for the partial or full refunding of the District's General Obligation Bonds - Series A of 2012, Series of 2015, Series A of 2015 and the General Obligation Notes - Series A of 2019 and to pay the costs of issuing the Bonds. The Bonds will be issued in January 2021.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DERRY TOWNSHIP SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF  
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Year Ended June 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.2079%	0.2057%	0.2010%	0.1986%	0.1945%	0.1941%
District's proportionate share of the net pension liability	<u>\$ 97,261,000</u>	<u>\$ 98,746,000</u>	<u>\$ 99,271,000</u>	<u>\$ 98,420,000</u>	<u>\$ 84,248,000</u>	<u>\$ 76,826,271</u>
District's covered payroll	<u>\$ 28,675,998</u>	<u>\$ 27,704,050</u>	<u>\$ 26,765,017</u>	<u>\$ 25,724,950</u>	<u>\$ 25,960,380</u>	<u>\$ 25,071,493</u>
District's proportionate share of net pension liability as a percentage of its covered payroll	339.17%	356.43%	370.90%	382.59%	324.53%	306.43%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF  
DISTRICT'S PENSION CONTRIBUTIONS

Year Ended June 30,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 9,732,247	\$ 9,341,769	\$ 8,807,160	\$ 7,827,296	\$ 6,490,095	\$ 5,139,656	\$ 4,142,852	\$ 2,909,242	\$ 2,094,002	\$ 1,312,383
Contributions in relation to the contractually required contribution	(9,732,247)	(9,341,769)	(8,807,160)	(7,827,296)	(6,490,095)	(5,139,656)	(4,142,852)	(2,909,242)	(2,094,002)	(1,312,383)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 29,282,177	\$ 28,770,520	\$ 27,758,265	\$ 25,724,950	\$ 25,960,380	\$ 25,071,493	\$ 25,892,825	\$ 25,297,757	\$ 26,175,025	\$ 26,247,660
Contributions as a percentage of covered payroll	33.24%	32.47%	31.73%	30.43%	25.00%	20.50%	16.00%	11.50%	8.00%	5.00%

**DERRY TOWNSHIP SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT'S SINGLE EMPLOYER PLAN**

**Year Ended June 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>			
Service cost	\$ 725,598	\$ 733,487	\$ 740,774
Interest	296,918	319,081	246,678
Differences between expected and actual experience	-	(952,930)	-
Changes in assumptions	(295,392)	4,691	(238,941)
Benefit payments	(256,866)	(410,001)	(505,336)
<b>Net change in total OPEB liability</b>	<b>470,258</b>	<b>(305,672)</b>	<b>243,175</b>
<b>Total OPEB Liability - beginning</b>	<b>9,377,227</b>	<b>9,682,899</b>	<b>9,439,724</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 9,847,485</b>	<b>\$ 9,377,227</b>	<b>\$ 9,682,899</b>
<b>District's covered payroll</b>	<b>\$ 24,914,381</b>	<b>\$ 24,914,381</b>	<b>\$ 24,053,671</b>
<b>Total OPEB Liability as a percentage of covered payroll</b>	<b>39.53%</b>	<b>37.64%</b>	<b>40.26%</b>

**Notes to Schedule:**

Changes in assumptions: The discount rate changed from 2.98% to 3.36%.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -  
PSERS COST SHARING PLAN  
Year Ended June 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.2079%	0.2057%	0.2010%
District's proportionate share of the net OPEB liability	<u>\$ 4,422,000</u>	<u>\$ 4,289,000</u>	<u>\$ 4,095,000</u>
District's covered payroll	<u>\$ 28,675,998</u>	<u>\$ 27,704,050</u>	<u>\$ 26,765,017</u>
District's proportionate share of net OPEB liability as a percentage of its covered payroll	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.73%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.



**DERRY TOWNSHIP SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -**

**SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS - PSERS COST SHARING PLAN**

**Year Ended June 30,**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 244,397	\$ 237,843	\$ 230,307
Contributions in relation to the contractually required contribution	(244,397)	(237,843)	(230,307)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 29,282,177</u>	<u>\$ 28,770,520</u>	<u>\$ 27,758,265</u>
Contributions as a percentage of covered payroll	0.83%	0.83%	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

## **SUPPLEMENTARY INFORMATION**

**DERRY TOWNSHIP SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS**

**June 30, 2020**

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 3,126,408	\$ 5,026,202	\$ 8,152,610
<b>Total assets</b>	<u>\$ 3,126,408</u>	<u>\$ 5,026,202</u>	<u>\$ 8,152,610</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 49,117	\$ 49,117
Due to other funds	-	2,138	2,138
<b>Total liabilities</b>	<u>-</u>	<u>51,255</u>	<u>51,255</u>
<b>Fund Balances</b>			
Restricted	3,126,408	4,974,947	8,101,355
<b>Total fund balances</b>	<u>3,126,408</u>	<u>4,974,947</u>	<u>8,101,355</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,126,408</u>	<u>\$ 5,026,202</u>	<u>\$ 8,152,610</u>

**DERRY TOWNSHIP SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CAPITAL PROJECTS FUNDS  
Year Ended June 30, 2020**

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Revenues			
Local Sources	\$ 17,735	\$ 31,749	\$ 49,484
<b>Total revenues</b>	<u>17,735</u>	<u>31,749</u>	<u>49,484</u>
Expenditures			
Support services	-	3,495,646	3,495,646
<b>Total expenditures</b>	<u>-</u>	<u>3,495,646</u>	<u>3,495,646</u>
Other Financing Sources			
Interfund transfers in	-	1,000,000	1,000,000
<b>Total other financing sources</b>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Net changes in fund balances</b>	17,735	(2,463,897)	(2,446,162)
Fund Balances - July 1, 2019	3,108,673	7,438,844	10,547,517
Fund Balances - June 30, 2020	<u>\$ 3,126,408</u>	<u>\$ 4,974,947</u>	<u>\$ 8,101,355</u>

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

Board of School Directors  
Derry Township School District  
Hershey, 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 Derry Township School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Derry Township School District's basic financial statements, and have issued our report thereon dated January 7, 2021.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large loop at the end of the word "Ritter".

Camp Hill, Pennsylvania  
January 7, 2021

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

Board of School Directors  
Derry Township School District  
Hershey, Pennsylvania

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

We have audited Derry Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Derry Township School District's major federal programs for the year ended June 30, 2020. Derry Township 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 Derry Township School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Derry Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 Derry Township School District's compliance.

### **Opinion on Each Major Federal Program**

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

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

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

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

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

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

A handwritten signature in cursive script, reading "Boyer & Ritter". The signature is written in dark ink and is positioned centrally on the page.

Camp Hill, Pennsylvania  
January 7, 2021



**DERRY TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year ended 2020**

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**Section I -- Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency (ies) identified that is not  
considered to be a material weakness (es)? \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements  
noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness (es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency (ies) identified that is not  
considered to be a material weakness (es)? \_\_\_\_\_ Yes   X   None Reported

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

- Any audit findings disclosed that are  
required to be reported in accordance  
with Section 2 CFR 200.516(a)3? \_\_\_\_\_ Yes   X   No

**DERRY TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2020**

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
	<b>Special Education Cluster (IDEA)</b>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

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

Auditee qualified as low-risk auditee?   X   Yes      No

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**Section II -- Financial Statement Findings**

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A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

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**Section III -- Federal Award Findings and Questioned Costs**

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A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

B. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

	Federal C.F.D.A Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2019	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2020	Provided to Subrecipients
<b>U.S. Department of Education</b>										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-19-0118	18-19	\$ 671,637	\$ (47)	\$ (47)	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-20-0118	19-20	\$ 580,848	580,904	-	580,848	580,848	(56)	-
					580,857	(47)	580,848	580,848	(56)	-
Title II - Supporting Effective Instruction State Grants	84.367	020-19-0118	18-19	\$ 136,299	(640)	(640)	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-20-0118	19-20	\$ 115,594	107,104	-	115,594	115,594	8,490	-
					106,464	(640)	115,594	115,594	8,490	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-20-0118	19-20	\$ 50,267	39,496	-	50,267	50,267	10,771	-
					39,496	-	50,267	50,267	10,771	-
Total passed through the Pennsylvania Department of Education					726,817	(687)	746,709	746,709	19,205	-
Passed through the Capital Area Intermediate Unit										
Special Education Cluster (IDEA)										
Special Education Grants to States	84.027	062-190015	18-19	\$ 412,838	412,838	412,838	-	-	-	-
Special Education Grants to States	84.027	062-200015	19-20	\$ 386,179	-	-	386,179	386,179	386,179	-
					412,838	412,838	386,179	386,179	386,179	-
Special Education Preschool Grants	84.173	131-190015	18-19	\$ 2,600	2,600	2,600	-	-	-	-
Special Education Preschool Grants	84.173	131-200015	19-20	\$ 4,000	-	-	4,000	4,000	4,000	-
					2,600	2,600	4,000	4,000	4,000	-
Total Special Education Cluster passed through the Capital Area Intermediate Unit					415,438	415,438	390,179	390,179	390,179	-
<b>Total U.S. Department of Education</b>					1,142,255	414,751	1,136,888	1,136,888	409,384	-

(Continued)

**DERRY TOWNSHIP SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**Year Ended June 30, 2020**

	Federal C.F.D.A Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2019	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2020	Provided to Subrecipients
<b>U.S. Department of Health and Human Services</b>										
Passed through the Pennsylvania Department of Public Welfare										
Medicaid Cluster										
Medical Assistance Program: Title XIX	93.778	N/A	19-20	N/A	6,577	-	6,577	6,577	-	-
Total Medicaid Cluster					6,577	-	6,577	6,577	-	-
<b>Total U.S. Department of Health and Human Services</b>					6,577	-	6,577	6,577	-	-
<b>U.S. Department of Agriculture</b>										
Passed through the Pennsylvania Department of Education										
School Breakfast Program*	10.553	N/A	18-19	N/A	1,123	1,123	-	-	-	-
School Breakfast Program*	10.553	N/A	19-20	N/A	50,255	-	56,795	56,795	6,540	-
					51,378	1,123	56,795	56,795	6,540	-
National School Lunch Program*	10.555	N/A	18-19	N/A	6,226	6,226	-	-	-	-
National School Lunch Program*	10.555	N/A	19-20	N/A	253,287	-	265,655	265,655	12,368	-
					259,513	6,226	265,655	265,655	12,368	-
Total passed through the Pennsylvania Department of Education					310,891	7,349	322,450	322,450	18,908	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations*	10.555	N/A	19-20	N/A	90,628	(a) (14,233) (b)	90,628	92,960 (c)	(11,901) (d)	-
<b>Total U.S. Department of Agriculture</b>					401,519	(6,884)	413,078	415,410	7,007	-
<b>Total Expenditures of Federal Awards</b>					\$ 1,550,351	\$ 407,867	\$ 1,556,543	\$ 1,558,875	\$ 416,391	\$ -

\*Programs in the Child Nutrition Cluster

School Breakfast Program	\$ 56,795
National School Lunch Program	265,655
National School Lunch Program - Food Donations	92,960
	<u>\$ 415,410</u>

Legend:

- (a) USDA Donated Commodities Received
- (b) Beginning Inventory at July 1
- (c) Total Value of Commodities Used
- (d) Ending Inventory at June 30

See Notes to Schedule of Expenditures of Federal Awards.

## **DERRY TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the District's under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the District's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

#### **Note 2. Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 3. Access Program**

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule, for the year ended June 30, 2020, was \$148,273.

**DERRY TOWNSHIP SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**Year Ended June 30, 2020**

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There were no prior year's audit findings.

**AFFILIATION AGREEMENT**  
**Between**  
**LONGWOOD UNIVERSITY**  
**And**  
**DERRY TOWNSHIP SCHOOL DISTRICT**

This agreement is made between Longwood University; (hereinafter “University”, and Derry Township School District, (hereinafter “District) and is in effect beginning August 15, 2020 to August 15, 2023.

It is agreed by and between the parties hereto as follows:

1. **Purpose of the Affiliation:** The purpose of this joint undertaking is to provide for the cooperative administration of an educational experience for students enrolled in the Longwood University Communication Sciences and Disorders Curriculum.

The University agrees that students placed with the District pursuant to this Agreement shall not be considered employees of the District. Under no circumstances shall University students be entitled to any continued property right, compensation, or employee benefit of any kind as a result of this Agreement. University shall inform students of the nature of this Agreement prior to placement.

2. **Responsibilities of the District Supervisor:** The District Supervisor hereafter referred to as the Agency Speech-Language Pathologist, serves as a District-based teacher offering instruction and supervision to the student and utilizes the District operations to further the University student's professional competency. The District supervisor must hold a Certificate of Clinical Competence awarded by the American Speech-Language and Hearing Association and follow ASHA guidelines for supervision, including being on site at all times. When the District Supervisor is absent, the District will make reasonable efforts to provide a qualified and similarly situated employee to temporarily supervise the University student.
3. **Responsibilities of the University Supervisor:** The University Supervisor serves as a resource person for both the District Speech-Language Pathologist and the University student. The University supervisor will maintain periodic contact with the District Speech-Language Pathologist and the University student during the practicum period.

**Responsibilities of the Student:** The University student should follow policies, duties and responsibilities outlined and agreed upon by the University student and University supervisor regarding the practicum. The University student is responsible for completion of all scheduled commitments and arrangements made in connection with the practicum training and daily duties and responsibilities. It is the University student's responsibility to have successfully completed all necessary preliminary education and training as required by the University to be permitted to participate in a

practicum experience. The University student must adhere to all Agency building rules and protocols as well as all District policies, including safety, confidentiality, and other policies outlined by the Agency and the School Speech-Language Pathologist or other District administrator. University students will not be permitted to participate until they have complied with the mandatory background check requirements for criminal history and child abuse and TB testing, and any other mandatory clearance and selection criteria required by the Agency.

#### **4. General Agreement:**

- A. The student intern is covered under the Risk Management Plan of the Commonwealth of Virginia, administered by the Virginia Department of Risk Management All student clinicians carry liability insurance.
- B. If the University student's performance or attitude, or level of learning experience is unacceptable to the District, appropriate corrective action will be determined by designated representatives from the District and the Communication Sciences and Disorders Program at the University. Notwithstanding the foregoing or any other provision of this Agreement, the District reserves the right to refuse placement of or immediately remove a University student from a placement for any lawful, nondiscriminatory reason.

Those representatives are designated as follows:

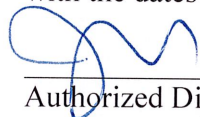
Mrs. Caitlin Frank	Director of Clinical Education	Longwood University
Dr. Shannon Salley	Program Chair	Longwood University
Louise Waller	VP of Administration and Finance	Longwood University

- C. Both parties will accept qualified students without regard to race, religion, gender, sexual orientation, national origin, or disability. Both parties agree to comply with all applicable laws including, but not limited to, Title IX of the Education Amendments of 1972 the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and the Individuals with Disabilities Education Act.
- D. The parties acknowledge that many student educational records are protected by the Family Educational Rights and Privacy Act (FERPA) and that proper consent must be obtained before student data can be released to anyone. Students will exercise confidentiality with regard to all personally identifiable information gained during the experience.
- E. Neither of the parties shall assume any liabilities to each other, except as specifically stated in this Agreement. As to liability for damages, injuries or death to persons or to property, the parties do not waive any defense as a result of entering into this Agreement unless such a waiver is expressly and clearly written into a part of this Agreement.



- F. The terms and conditions of this Agreement may only be amended by written instrument executed by both parties.
5. **Relationship of the Parties:** The parties are independent contractors. The relationship of the parties to this Agreement to each other shall not be construed to constitute a partnership, joint venture or any other relationship, other than that of independent contractors. None of the provisions of this Agreement are intended to create, nor shall be deemed or construed to create, any relationship between the District and the University, other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement
6. **Term of Agreement:** This Agreement shall continue in effect for a period of three (3) years unless modified or terminated sooner. At the end of the three-year period this agreement shall be automatically renewed annually thereafter, unless either party elects to terminate the Agreement, without cause, with written notice given sixty (60) days prior to termination date, and such termination shall not prevent a student in a practicum program from completing that specific agreement.

This Agreement shall be effective when duly executed by both parties and in accordance with the dates indicated on page one of this document.



Authorized District Representative Signature

Please print name below

*John M. Abri*

*Louise Waller*

Mrs. Louise Waller  
VP of Administration and Finance  
Longwood University

*2/9/21*  
Date

*2/11/2021*  
Date

*Shannon Salley*

Dr. Shannon Salley  
Department Chair  
Longwood University

*Caitlin Frank*

Mrs. Caitlin Frank  
Director of Clinical Education  
Longwood University

*2/10/2021*  
Date

**TRANE®**

# Change Order Proposal

(Valid for 30 days from Proposal date)

PROPRIETARY AND CONFIDENTIAL PROPERTY OF Trane U.S. Inc.

DISTRIBUTION TO OTHER THAN THE NAMED RECIPIENT IS PROHIBITED

© 2016 Trane All rights reserved

**Prepared For:**  
Derry Township SD

**Date:** January 7, 2021

**Proposal Number:** D1-96401-2

**Job Name:**  
Derry Township SD Hershey ES AC Chiller  
Conversion  
450 Homestead Road

HERSHEY, PA 17033

**Bid Date:** November 20, 2020

**Delivery Terms:**  
Freight Allowed and Prepaid - F.O.B. Factory

**Payment Terms:**  
Net 30 Days

Trane U.S. Inc. is pleased to provide the following proposal for your review and approval.

**Tag Data - ACRB (Qty: 1)**

Item	Tag(s)	Qty	Description	Model Number
A1	ACRB-1	1	Ascend Model ACR Chiller High Fault	ACRB3804EUAAQUUCXNC1XHNLMHEV1HBBBX XAA1XXXX0X

**Change order to modify the short circuit withstand rating from 35kA to 65kA for the Hershey elementary school Ascend Chiller. Revised model number referenced above.**

Circuit Breaker High Fault Control Panel  
High Short Circuit Rating

Total Net Price (Excluding Sales Tax) .....\$ 5,523.00

<b>Tax Status:</b>	<b>Taxable</b>	<input type="checkbox"/>	IF EXEMPT PLEASE SUBMIT COMPLETED TAX EXEMPTION CERTIFICATE WITH YOUR SIGNED PROPOSAL OR WITH YOUR PURCHASING DOCUMENTS, KEEP YOUR ORIGINAL ON FILE IN THE OFFICE. YOU WILL BE CHARGED TAX IF A VALID EXEMPTION CERTIFICATE IS NOT ON FILE BEFORE EQUIPMENT, PARTS OR SERVICES ARE PROVIDED. SEE <a href="http://WWW.TAXSITES.COM/STATE-LINKS.HTML">WWW.TAXSITES.COM/STATE-LINKS.HTML</a> FOR TAX FORMS.
	<b>Exempt</b>	<input type="checkbox"/>	

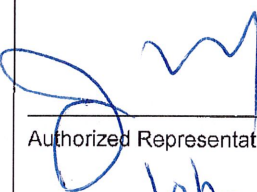
**This proposal and pricing are based on shipment of all products (not including field labor) by no later than 1st quarter of 2022 year.**

## COVID-19 NATIONAL EMERGENCY CLAUSE

The parties agree that they are entering into this Agreement while the nation is in the midst of a national emergency due to the Covid-19 pandemic ("Covid-19 Pandemic"). With the continued existence of Covid-19 Pandemic and the evolving guidelines and executive orders, it is difficult to determine the impact of the Covid-19 Pandemic on Trane's performance under this Agreement. Consequently, the parties agree as follows:

1. Each party shall use commercially reasonable efforts to perform its obligations under the Agreement and to meet the schedule and completion dates, subject to provisions below;
2. Each party will abide by any federal, state (US), provincial (Canada) or local orders, directives, or advisories regarding the Covid-19 Pandemic with respect to its performance of its obligations under this Agreement and each shall have the sole discretion in determining the appropriate and responsible actions such party shall undertake to so abide or to safeguard its employees, subcontractors, agents and suppliers;
3. Each party shall use commercially reasonable efforts to keep the other party informed of pertinent updates or developments regarding its obligations as the Covid-19 Pandemic situation evolves; and
4. If Trane's performance is delayed or suspended as a result of the Covid-19 Pandemic, Trane shall be entitled to an equitable adjustment to the project schedule and/or the contract price.

**This proposal is subject to your acceptance of the attached Trane terms and conditions (Equipment).**

CUSTOMER ACCEPTANCE	TRANE ACCEPTANCE
 Authorized Representative	Trane U.S. Inc.
John M. Abel Printed Name	Submitted By: Matt Kressley Cell: (717) 756-8310 Office: (717) 561-5400
President Title	Authorized Representative
Purchase Order 21000713	Title
Acceptance Date 2/8/21	Signature Date

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# CAIU BOARD HIGHLIGHTS

The following actions were taken at the **January 28, 2021** meeting, held virtually, of the Capital Area Intermediate Unit.

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## Reports/Updates

- **January is School Director Recognition Month.** CAIU staff and administration recognized and thanked the Board members for the countless hours spent each month voluntarily leading our organization, partner school districts, and community. Thank YOU video: <https://youtu.be/uPcnjGtHAFg>
- **Board Spotlight – Hanen More Than Words Program,** Jennifer Lyden, Program Supervisor and Karen Wronski, Speech and Language presented an overview of the Hanen More Than Word program, an innovative and unique program to deliver speech services to students with autism. This program was developed as a specialized approach based on the following three principles: 1) The pivotal role of parents and caregivers 2) The importance of starting early 3) The power of the “everyday”. Karen is trained in this program and has been implementing the program for about 10 years. Karen provided an overview of the program structure and shared several videos of parents implementing the program with their children.
- **The Board Recognized the following January 2021 Retirees:** Patricia Knouse, Program Secretary, retirement after 41 years of service and Barbara Zeigler, Service Coordinator, retirement after 12 years of service
- **Statement of Financial Interest Forms** for calendar year 2020 are due to be filed by May 1, 2021. Board members can file online [HERE](#) or by completing a hard copy. Please return completed forms to Rennie Gibson as soon as possible.
- **Mr. Daren Moran, Director of Business and Operations,** presented the proposed 2021-22 General Operating Budget and provided a basic summary of the CAIU budgets. The budget presentation to the board included feedback from the Superintendents Finance Committee. We have approximately 50 budgets. All budgets go to the CAIU board for review and approval but only the General Operating Budget requires a vote by each School District board of directors.  
**Financial Data:** Salaries and benefits comprise 50% of expenses. Our revenue is a pretty even distribution of local, state, and federal sources. Mr. Moran discussed the services and functions that make up the General Operating Budget. Indirect revenue from our other program funds 65% of the budget. ***There is no increase to the district contribution or indirect cost.*** We have held flat at 7.75%.  
**Changes to note:** One new marketing position and two maintenance/custodial positions were added. The maintenance positions are being added with a cost neutral impact on the budget and the marketing position is the cost of less than a full time equivalent. Budgeted for facility renovations at the Enola building. Technology update of server equipment. Last debt payment on the loan secured in 2013 leaving the IU debt free. Daren reviewed the budget assumptions for salaries and retirements benefits. PSERS retirement rate reflects a slight increase to 34.94%.  
**Fund balance** - unassigned balance is \$4,298,043; assigned is \$2,150,000 for PSERS, Healthcare, Facility updates. **Changes to Revenue:** Expense high level analysis – only major change is the \$200,000 boiler replacement. The CAIU is in a great financial position due to strong revenue sources, great relationship with SD, consistent and predictable revenue sources.
- **Ms. Alicia McDonald, Director of Student Services,** recognized the two January retirees Patricia Knouse, Program Secretary and Barbara Zeigler, Service Coordinator, and thanked them for their many years of service. Ms. McDonald provided a brief update on classroom instruction. Currently, school age students are following a hybrid model of four-day in-person instruction and one-day virtual instruction. Due to the increasing case counts following the

holiday break, this hybrid model was extended through February. We are hoping to be back to full five-day in-person instruction by March. We continue to see good progress in our students.

- **Mr. Dave Martin, Director of Technology Services**, reported that we are supporting the school districts as they are undergoing IT audits to test their systems to ensure security. As part of the RWAN rebid process, we are asking all current RWAN members to sign a letter of commitment and submitted no later than Friday, February 19th. Mr. Martin provided an AgendaManager update. Many new and excited features have recently been released. We have increased our marketing and made a video/commercial – Click [HERE](#) to view this video. In addition, two new states have come onboard, California and Arizona providing lots of potential and excitement.
- **Mr. Brian Griffith, Director of Educational Services**, provided an update on CAOLA. We just successfully started the second semester and transitioned smoothly into new courses. Currently, there are 29,000 full-time learners enrolled. Registration for the Spring Virtual Conference Series (March 10, 17, & 24) – [Promoting Social Justice In School Discipline and Equity Policies](#) is now open.
- **Mr. Len Kapp, Supervisor of Operations & Transportation**, provided a building and grounds update. The development of the lot to our south has been cleared and the Miller House is slated to be moved in March/April. Safety & Security Update: We continue to man the Covid Rapid Response phone line to assist DOH and PDE and have received over 200 calls from school districts. Transportation Update: Struggling to keep up with all of the daily schedule changes that are happening during Covid. In addition, having enough drivers has been a challenge.
- **Dr. Thomas Calvecchio, Assistant Executive Director**, provided a HR update: W-2's was issued yesterday. 1095C's will be available in March. Dr. Calvecchio thanked the Board approving the MOU allowing us to extend quarantine leave for our staff. In addition, Dr. Calvecchio reported that he had enjoyed his part in the making of the marketing video/commercial for AgendaManager.
- **Dr. Andria Saia, Executive Director**, introduced Philip Givler, Project Search intern, who has been assisting our administration team for several months. Phillip shared his experiences and reported that he will be started a new assignment with the tech school next week. Dr. Saia highlighted the last page of the All In Newsletter where the CAIU award recipients were listed. This year, CAIU's annual All Staff Day was held virtually and staff were afforded the opportunity to attend self-care sessions in the morning.

#### **Approved Action Items**

- December 17, 2020 Board Meeting Minutes
- December 2020 Treasurer's Report – a total of \$6,726,835.49 in receipts and \$7,540,110.52 in expenditures.
- Summary of Operations for December 2020 showing revenues of \$46,911,093.95 and \$41,965,578.04 in expenditures.
- Budget Administration
  - Proposed 2020-21 Budget Revision - Early Intervention Access Program
  - Proposed 2020-21 Original Budget - ESSER Grants - CARES Act
  - Proposed 2020-21 Original Budget - Safe Schools Grants
  - Proposed 2020-21 Budget Revision - Early Intervention
  - First Reading, Proposed 2021-22 General Operating Budget
- Other Fiscal Matters - None
- Other Business Items
  - Contracts – January 2021
  - Acceptance of resignation from Tricia Steiner, Derry Township School District, from the CAIU Board of Directors effective May 11, 2021
- Policies & Programs
  - First Reading, Revised Policy #222 - Tobacco/Nicotine
  - First Reading, Revised Policy #249 - Bullying/Cyberbullying
  - First Reading, Revised Policy #314 - Physical Exam
  - First Reading, Revised Policy #318 - Attendance & Tardiness
  - First Reading, Revised Policy #323 - Tobacco and Vaping Products
  - First Reading, Revised Policy #332 - Working Periods
- Job Descriptions – None



- Personnel Items - See attached report
  - MOU Between CAEA and CAIU- Emergency Sick Leave

**Executive Director's Report**

- See attached report/newsletter.

**President's Report**

- Mrs. Jean Rice thanked the Board for their attendance.

**NEXT MEETING: Thursday, February 25, 2021, 8:00 a.m., Board Room, CAIU Enola Office**

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## *January 28, 2021 Approved Personnel Items:*

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### **A. RESIGNATIONS:**

- **CLYDE CALDWELL**, Program Supervisor, Loysville Youth Development Center, effective June 30, 2021. Reason: Retirement after 11 years of continuous CAIU service.
- **DANIELLE CURZI**, Instructional Technology Coach, Pupil Services Program, effective January 28, 2021. Reason: Employee accepted a position at Lincoln Intermediate Unit.
- **LINDSEY HARTMAN**, Speech and Language Clinician, Early Intervention Program, effective March 16, 2021. Reason: Personal.
- **PATRICIA MIDDLETON**, Program Secretary, Student Services Team, effective February 26, 2021. Reason: Retirement after more than 21 years of continuous CAIU service.

### **A.1 TERMINATIONS:**

- **ANDREA DUNDORE**, Educational Paraprofessional, Emotional Support Program, effective November 10, 2020.

### **B. RECOMMENDED FOR EMPLOYMENT OR CONTRACT:**

- **MICHELE APPLEBY**, Paraeducator, effective date to be determined. Assignment: Personal Care Assistant, Autism Support Program with base salary of HS+48, \$25,441 for 190 days of service will be prorated based on the number of hours/days worked with additional new hire days as required. This is a new position funded through the Autism budget.
- **JENNIFER CARROLL**, Temporary Professional, effective date to be determined. Assignment: Teacher, Early Intervention Program with base salary of Bachelors, Step 4, \$49,987 for 190 days of service will be prorated based on the number of hours/days worked with additional new hire days as required. This is a replacement position funded through the MAWA budget.
- **JULIE GUNTER**, Paraeducator, effective date January 5, 2021. Assignment: Part-time Educational Paraprofessional, Early Intervention Program with base salary of HS+48, \$25,441 for 190 days of service will be prorated based on the number of hours/days worked with additional new hire days as required. This is a replacement position funded through the MAWA budget.
- **STEPHANIE NEWELL**, Temporary Professional, effective date to be determined. Assignment: Speech and Language Clinician, School-Age Speech Program with base salary of Masters, Step 8, \$58,528 for 190 days of service will be prorated based on the number of hours/days worked with additional new hire days as required. This is a new position funded through the School-Age Speech budget.
- **BRIGID WILLS**, Program Secretary, Early Intervention Program, effective date to be determined. Base salary of \$33,416 for 260 days of service will be prorated based on the number of hours/days worked through June 30, 2021. This is a replacement position funded through the MAWA budget.

### **C. CHANGES OF STATUS:**

- **ELIZABETH HARDING**, from Long Term Substitute Speech and Language Clinician to Professional Speech and Language Clinician, Early Intervention Program, effective December 4, 2020.
- **JUDITH HOFFMAN**, from Long Term Substitute Teacher to Floater Teacher, effective January 25, 2021. Change of status results in a change of salary to 80% of Masters+15, Step 14, \$71,953 for 190 days of service, prorated for a total of 104 days.
- **MEGGAN MORRISON**, change from Floater Teacher to Teacher, Loysville Youth Development Center, effective January 4, 2021. This change in status results in a change of salary to 100% of the Masters, Step 5 salary of \$54,196 for 190 days of service, prorated for a total of 102 days.

# CAIU: ALL IN!

## CAIU:THE BENEFITS OF POSITIVE THINKING



### Did You Know?

ROCKY BRENT

Did you know AgendaManager is releasing a completely new version on Jan 29? AgendaManager is a web-based meeting management solution created by the CAIU Technology Department. Since 2010, this solution has provided an organized and secure location to house meeting information and agenda information. The use of AgendaManager has expanded from the CAIU Footprint to across Pennsylvania and into six different states across the country.

The CAIU Technology Department has been highly engaged with the user community and regularly receive feedback. Based on this feedback the AgendaManager Team has created a new version with many new and exciting features. New features include things like virtual video conference links, updated formatting options with a new text editor, additional sub-item layers, electronic voting enhancements, agenda item tags (categories), new template widget, a customizable dashboard, and even more! In addition to all these new features, AgendaManager has a brand new look!

AgendaManager is hosting open ZOOM webinar tutorials of the new version. The calendar is available in your Announcements on your current AgendaManager Dashboard and [here](#). Feel free to join any of these sessions if you are interested in seeing the new version. You can also reach out to Rocky Brent, AgendaManager Account Manager, at [rbrent@caiu.org](mailto:rbrent@caiu.org) or the AgendaManager help desk at [support@agendamanager.com](mailto:support@agendamanager.com).

The AgendaManager Team has also continued growing brand awareness and marketing efforts! We are excited about creating a video that emphasizes how AgendaManager can be used for school district meetings whether they are face-to-face, virtual, or hybrid environment. Click [here](#) to view this video.



AgendaManager is also pleased to support the CAIU Coat Drive Initiative by donating a new coat for every new subscription! Please like and share AgendaManager on the web at <https://www.agendamanager.com/> or on social media on [Facebook](#), [LinkedIn](#), and [YouTube](#)!



### In this Issue:

Winners of the December Decorating Contest:



1<sup>st</sup> – Donna Winfindale  
2<sup>nd</sup> – Hope Hoover  
3<sup>rd</sup> – Project Search  
4<sup>th</sup> – Kim Porr  
5<sup>th</sup> – Ashley Hoffer



Do you have a story for *ALL IN*? Is there a member of the CAIU family we should recognize? Please send all stories and ideas to [communications@caiu.org](mailto:communications@caiu.org)

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### IN THIS ISSUE

CAIU: RACIAL EQUITY DETOURS

CAIU WELLNESS

CAIU COMPLIMENTS



# EQUITY – AVOIDING RACIAL EQUITY DETOURS

BETH DEAVEN, IRENE REEDY, TERRY TELEP

Think about the last time you got in your car to go to work or take a road trip. You are *en route* and all of sudden you encounter a bright orange and black sign that reads “Detour” or “Road Closed”. What thoughts and feelings race through your mind/body? Many people may experience frustration, heart racing, and a state of panic and or anger. Roadblocks happen to everyone at some point, but what if there was a daily roadblock that you had no control over? What if you were denied educational access to the best teachers or schools due to the color of your skin? From an early age, people of color face barriers every single day that most white people never contemplate.

Paul Gorski, the founder of the Equity Literacy Institute and EdChange, coined the term “equity detours,” to define the actions and approaches schools often adopt that create an illusion of equity but do not cultivate progress. Sometimes they are adopted based on misunderstandings about what equity means or the level of transformation needed to achieve more equitable practices. Sometimes they are adopted purposefully to avoid more meaningful change. The end result is that well-meaning equity initiatives in schools can exacerbate racial inequity and even cause harm to people of color. Rather than creating pathways toward racial justice, these initiatives result in detours toward racial injustice.

## Racial Equity Detours Educators need to be aware of:

1. Pacing for Privilege - waiting for everyone to be comfortable with racial equity and moving at their comfort pace.
2. Poverty of Culture - attributing educational disparities to a student's color/culture rather than our educational perspectives and norms.
3. Deficit Ideology - shifting the onus of responsibility away from schools and onto the very youth who are cheated out of equitable opportunities.
4. Celebrating Diversity - an initiative to help white students know about diversity rather than addressing the underlying concerns of people of color and racism.

## Five principles to guide our thinking to avoid these equity detours:

1. **Direct Confrontation Principle.** There is no path to racial equity that does not involve a direct confrontation with interpersonal, institutional and structural racism.
2. **Redistribution Principle.** Equity involves redistributing access and opportunity at the most basic institutional level. This includes material access to things like learning materials, technology, healthy food, and healthcare.
3. **Prioritization.** Asking “How will this impact the most marginalized members of our community?” The only way to redistribute access and opportunity is to prioritize the needs of marginalized individuals.
4. **Equity Ideology Principle.** Equity is more than a list of practical strategies. It is a lens and an ideological commitment. There are no practical strategies that will help us develop equitable institutions if we are unwilling to deepen our understanding of equity and inequity.
5. **“Fix injustice not kids, Principle.”** Equity initiatives need to focus on eliminating racist conditions rather than fixing students.

To increase your awareness, ask yourself the following questions:

- What detours impact you/students/families/community members to complete your job each day?
- Are we clearly looking internally at our students, staff, and families when it comes to hiring, providing resources, community outreach, curriculum, technology and other materials?
- Are we asking for feedback, reflecting on what we see wrong?

Now is the time to get out of our comfort zone and start asking deeper questions. Imagine the commute to work or a road trip without any detours. Now imagine how uplifted a student of color might feel.

Want more?:

Video link <https://www.tolerance.org/magazine/summer-2016/online-exclusive-becoming-joeey>

Gorski, P. (2019). Avoiding Racial Equity Detours.

## Message from the Executive Director



ANDRIA SAIA

This month has been remarkable, and sadly not always in positive ways. We rang in the New Year to skyrocketing COVID 19 infection rates, and witnessed a political process that brought out the worst in many Americans. Despite the negative news, instead of succumbing to negative thinking, I challenge you to double down on positive thinking and join President Biden and I in focusing on all the positive possibilities.

Most folks are about as happy as they make up their minds to be.

-Abraham Lincoln



Let's start with what positive thinking is and is not. Oxforddictionaries.com defines positive thinking as “The practice or result of concentrating one's mind affirmatively on the good and construction aspects of a matter so as to eliminate negative or destructive attitude and emotions.” Simplified, positive thinking is the practice of focusing on the good in any given situation. It is a mental and emotional attitude of expecting good things to happen and seeing the best in others and yourself. Positive thinking is also the practice of not getting discouraged when your plans do not go as expected. Looking for solutions rather than dwelling on the problem. Positive thinking is not ignoring negative situations or the bad things that happen. It is not about suppressing negative emotions, or denying painful emotions. Positive thinking is also not about pretending or faking happiness or a positive outlook. Finally, as great as positive thinking is (see all the benefits below) it is not a cure all.

Besides being happier, positive thinking has many benefits:

- Longer life span, greater resistance to illness
- Lowered risk for heart attack, lower blood pressure
- More creativity, greater problem solving skills
- Better mood and coping skills, less depression

If you are not already a positive thinker, or even if you are, here are some ways you can practice positivity:

- Use positive affirmations – short positive statements you can repeat to yourself or leave as notes where you will see them
- Remind yourself of the things that make you happy
- Do something nice for someone
- Focus on the present moment. Each moment can be a positive one if you don't let the other moments get in the way
- Surround yourself with positive people. Seek out people that life you up, and do the same for them.

Want to read more?:

<https://www.successconsciousness.com/blog/positive-attitude/what-is-positive-thinking/>  
<https://www.webmd.com/mental-health/positive-thinking-overview#1>  
<https://www.verywellmind.com/what-is-positive-thinking-2794772>  
<https://forgoodness-sake.com/blog/three-things-positive-thinking-is-not/>  
<https://northmemorial.com/the-power-of-positive-thinking-5-ways-you-can-practice-positivity/>

Student Services



ALICIA MCDONALD

ELECT - Toys For Tots porch deliveries

All students who received deliveries were very appreciative. Thank you to the volunteers who helped, this is a reminder of the difference the ELECT program continues to make in the lives of the students and their families.



Parent & Community Session

Early Intervention Connections, Local Interagency Coordinating Council, which includes the CAIU Preschool Program, Dauphin, Cumberland, Perry Infant/Toddler Programs, Shippensburg Head Start and Capital Area Head Start partnered with Penn State Children’s Hospital/Trauma Prevention Coordinators and hosted a virtual discussion about the safety needs of young children with special healthcare needs on 1/26 from 6-7 PM. Parents, Caregivers and Professionals participated in the discussion.

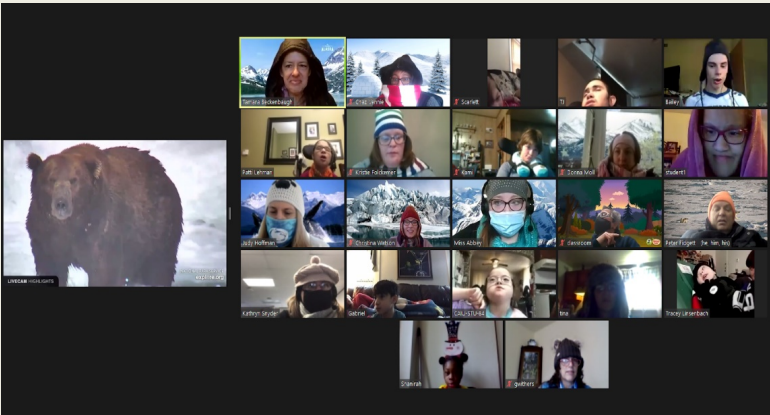
Diakon Center Point

The holiday family day festivities at Diakon Center Point looked different in 2020, but thanks to staff, 38 families got a surprise visit on December 23<sup>rd</sup>. CAIU staff partnered with Diakon staff and made holiday deliveries for students and families in Dauphin, Cumberland, Perry, York, and Adams counties. A home cooked ready to eat meal was delivered to each family as well as gifts for students that included gift cards, playstation games, and sports equipment. Thanks to all staff for the connections and impact you have on our families!



A Virtual Field Trip

The Multidisability Support Classrooms coordinated a virtual field trip to Iceland! Students experienced an amazing journey to Iceland that introduced animals, the Northern Lights, and interactive activities. Staff and students dressed for the occasion!



Tech Services



DAVE MARTIN

Regional Wide Area Network (RWAN) Rebid – James Brill, Technology Infrastructure Supervisor

The landscape of education has changed forever with the Coronavirus (COVID-19) pandemic of 2020. This crisis has propelled the adoption of technology in education into a new reality. Virtual education has been in place for over a decade, but the pandemic has made it the new norm. This crisis can be viewed as a sort of bypass button for the application of technological processes and thought patterns that would have taken many years to adopt. Traditional in-person classroom learning is not going away, but the opportunity for increased virtual solutions complementing in-class experience will be broadened with the implementation of 1-to-1 devices. For students and teachers to be successful, it is imperative to have a sufficient and reliable technology infrastructure in place.

With the advancements and changes in technology and how districts have had to adapt their teaching environments to cope with the pandemic, the availability of high-speed networks has become critical for administrative and instructional purposes. Bandwidth growth has been projected to grow 50% year over year with the increase of virtual/digital learning. These advancements in combination with the increased demand brought on by the pandemic made it apparent that it was time to rebid our consortium model Regional Wide Area Network and Internet solution.

Capacity planning is not a one size fits all for virtual learning environment and districts should determine their administrative and educational bandwidth requirements and design the capacity to anticipate future growth and utilization. Capacity planning involves your Local Area Network (LAN), Wireless Local Area Network (WLAN), Building-to-Building connections (B2B), connectivity to the CAIU Regional Wide Area Network (RWAN) and Internet access.

Early in the 2020-2021 school year, we started looking at the Internet and WAN needs of our school districts for the 2021-2022 school year. Regardless if a school is face to face, all online, or a hybrid solution, we knew we had to continue to be ahead of our region’s bandwidth needs and rebid our RWAN and Internet consortium solution. The success of our regional solution is always to stay ahead of the demand. We met with our WAN and Internet Rebid Team (WIRT) that consists of multiple school districts in our

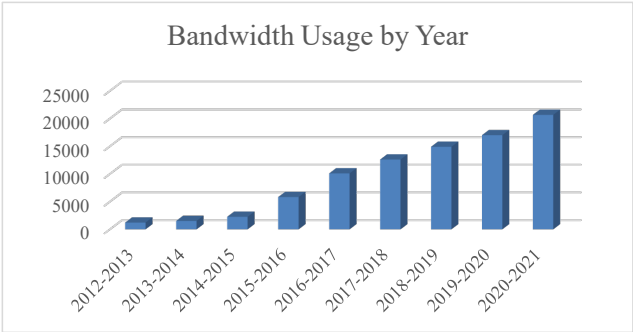


region and led by the CAIU Technology services. The RWAN and Internet Rebid process is to focus on the bandwidth (connectivity throughput) between districts and the CAIU and the Internet bandwidth. Currently, districts that are part of the CAIU RWAN have a 3 Gbps connection (3,000 Mbps) to the CAIU. This connection is a leased fiber line through Comcast. The history of our connection speeds is:

- 2003 – 2007 45 Mbps
- 2008 – 2011 100 Mbps
- 2012 – 2016 1 Gbps (1,000 Mbps)
- 2017 – 2020 3 Gbps (3,000 Mbps)

As you examine the history of our RWAN bandwidth it has steadily increased over the past 17 years. Through the CAIU RWAN the districts receive redundant Internet as well as other services. For the 2020-21 school year, the districts have requested over 20,000 Mbps of Internet. The history of our Internet bandwidth requests have increased on an annual basis as you can see in the table and chart below:

- 2012 – 2013 1,228 Mbps
- 2013 – 2014 1,524 Mbps
- 2014 – 2015 2,265 Mbps
- 2015 – 2016 5,840 Mbps
- 2016 – 2017 10,110 Mbps
- 2017 – 2018 12,610 Mbps
- 2018 – 2019 14,910 Mbps
- 2019 – 2020 17,010 Mbps
- 2020 – 2021 20,680 Mbps



In 2016, the State Educational Technology Director’s Association (SETDA), published a report called “The Broadband Imperative II: Equitable Access for Learning.” In this report it outlines recommended bandwidth for school districts from 2017-18 and the 2020-21 school year (see Image A). The report recommended 4.3 Mbps per user for small School Districts (fewer than 1,000 students), 3.0 Gbps per 1,000 users (Medium School District 3,000 students and 2.0 Gbps per 1,000 users for Large School Districts (more than 10,000 students). The school districts in our region were averaging 114 Mbps per 1,000 students. Of course, this is an average across our consortium and the actual numbers vary per district. The report also indicates that approximately 80% of schools across the country report they do not have enough Internet bandwidth in their schools. As of the 2015-16 school year, that was not the case for members of our CAIU RWAN Consortium.

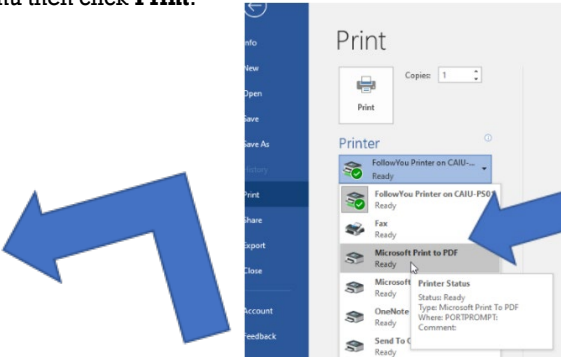
Where are we at with the RWAN and Internet rebid process? The WAN and Internet Rebid Team (WIRT), completed all the e-rate filings for federal discounts for telecommunications and put out a Request for Proposal (RFP). We have reviewed the proposals and had presentations from the vendors that bid on the RFP. Currently we are in the middle of the Best and Final Offer (BAFO) process. Each district has received a Letter of Commitment to continue to participate in the consortium model for RWAN and Internet services. Once the successful vendor is selected, the agreement will be brought to the CAIU board in February and the CAIU will sign the agreement on behalf of our school districts. Once that is completed, the CAIU will send agreements to each district. The goal of the WIRT is always to get more bandwidth to meet our needs at a better price for the school districts in our region. The process may sound simple, but the detail and time spent by the members of the WIRT is significant. We want to thank all our districts for being members of this critical process. The consortium power for technology is strong in our region and it is because of each one of you!

## Tech Tip of the Month

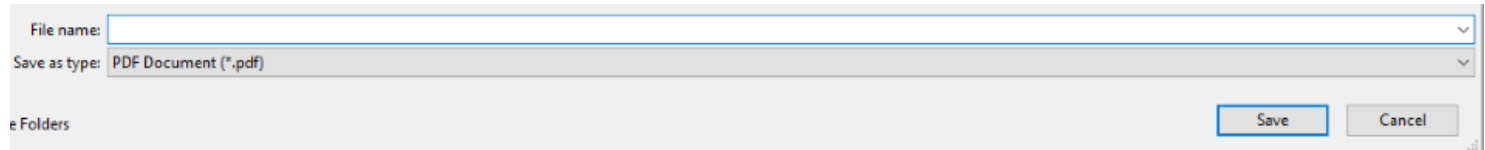
### Save a Word Document as a PDF

If you want to change a document to a PDF. This can be done for many reasons. It makes it easy for people to view without Microsoft word. It also makes the document view-only so others are unable to edit the document.

First, you must click **File** in the top left of the word document. Then click on the **Printer** section. Select **Microsoft Print to PDF** from the drop-down menu then click **Print**.



Once you do this, this screen will pop up. Then you may name it and click **Save**.





## Educational Services



BRIAN GRIFFITH



**CAIU Reading Network**  
Dr. Susan Hall, author, literacy expert, and CEO of the 95 Percent Group, joined the CAIU Reading Network’s virtual session this past December. Dr. Hall presented a

session focusing on the importance of understanding and teaching morphology. Approximately 75 reading specialists and interventionists from schools within Central Pennsylvania joined live. The session was recorded and is available to anyone who submits a form at <https://forms.gle/qi59M2ViDmmmVz2D7> or contact Ami Healy [ahaley@caiu.org](mailto:ahaley@caiu.org) for more information.

**The CAIU MTSS team recognizes Susquehanna Township High School!** This hard-working Multi-Tiered System of Support (MTSS) core team uses several points of Early Warning System data to implement core strategies and interventions to meet the needs of their diverse group of students.

Recently, the team paired up National Honor Society (NHS) and Key Club members with students who are struggling with attendance throughout the virtual and blended environment. These partners will be "wake up buddies" for students to help develop some relationships, feel connected, and hopefully encourage attendance in virtual learning.

The team divided responsibilities to include a short training for NHS and Key Club students on how to contact students and maintain confidentiality. We are looking forward to hearing more from the great work at Susquehanna Township High School!



**The Path to Graduation (P2G) State Personnel Development Grant** is designed to build a district's capacity to increase graduation rates and decrease drop-out rates for students with disabilities, particularly students identified with emotional behavioral disorders in the middle school years.

The Carlisle Area SD has been awarded this grant opportunity and has begun working with the CAIU P2G team. The P2G consultants will provide professional development and technical assistance over the next three years of implementation in the areas of Early Warning Systems, Check and Connect, Strategic Instruction Model, and Transition Discoveries.

Grant opportunities for additional districts will be forthcoming. The CAIU P2G team is excited to support the Carlisle Area SD team to improve attendance, behavior, and course performance.

## Business Services



DAREN MORAN

### CAIU Mileage Reimbursement

It is the time of year that a rate for mileage reimbursement is issued by the Federal Government.



The CAIU reimburses for job related travel expenses per board policy 331 at the same rate established by the Federal Government's General Services Administration (GSA). The GSA has adjusted its standard mileage reimbursement rate, decreasing it from \$0.575 to \$0.56. Effective January 1, 2021, for your January travel reimbursement, you will use the new GSA rate of \$0.56.

If you are submitting mileage for travel prior to January 2021 reimbursement, please use the form listed on the employee website under documents/contracts, approval and reimbursement, "Employee Reimbursement Form - through 12.31.20, which has the rate of \$0.575".

When submitting for reimbursement for mileage incurred on or after January 1, 2021, please make sure you use the "Employee Reimbursement Form — starting 1.1.21" which has the new rate of \$0.56. After January 31, 2021, there will only be one reimbursement form on the website with the new rate.

If you have any questions about reimbursements, please don't hesitate to contact Mary Troain-Germann ([mtgermann@caiu.org](mailto:mtgermann@caiu.org)) in our business office. She handles all the travel reimbursements submitted for the IU.



HR & COMMUNICATIONS



TOM CALVECCHIO

Tax Info:

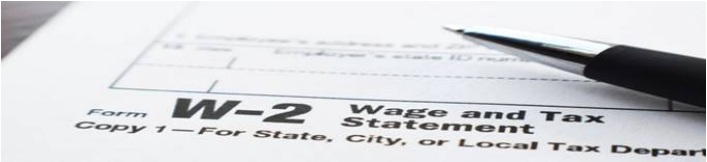
Be on the lookout for an email from CAIU Payroll notifying you that your 2020 W-2 is posted on the Employee Self-Serve Portal. If you haven't already set up your portal account, you will need to do so in order to view your W-2.

To view your W-2, you will need to:

- 1. Log into the Employee Service Portal <https://alio-esp.caiu.org/ciu/Login.aspx?ReturnUrl=%2fCIU>
- 2. Click on the "Payroll" tab located toward the top center of the screen.
- 3. Click on "W-2s" – located toward the top of the screen on the right.
- 4. Click on "2020 PA CAPITAL AREA INTERMEDIATE UNIT 15" to view your 2020 W-2.
- 5. You can now view and print your W-2.

If you are able to log into the portal but have difficulty in accessing the W-2, please log out of the portal, close your browser, and try again with a different browser.

If you have any questions, please contact payroll coordinator Ashley Hale at [ahale@caiu.org](mailto:ahale@caiu.org)



1095-C's will be issued by March 2, 2021. You will receive an email from Human

Resources when they become available. 1095-C's will be available electronically on the self-serve portal and paper copies will also be mailed out.



If you have any questions regarding your 1095-C, please contact Human Resources Manager, Irma Baughman at [ibaughman@caiu.org](mailto:ibaughman@caiu.org)

Extended Leave for Covid-19 Quarantine:

The Families First Coronavirus Relief Act (FCCRA) which required employers to provide Emergency Paid Sick Leave (ESPL) and emergency leave pursuant to the Family Medical Leave Act (FMLA) during the pandemic, expired on 12/31/2020. On January 3, 2021, Congress passed the Consolidated Appropriations Act (CAA) of 2021. This act provides employers with the ability to voluntarily extend some or all of the leave options under FCCRA, with an expiration date of March 31, 2021. In order to continue supporting staff during the pandemic, **the CAIU will extend the availability of EPSL through the 3/31/21 window.** This does not include an extension of the Emergency FMLA portion of the FCCRA. If you have any questions, please contact your supervisor.



CAIU Compliments

CAIU STAFF IN ACTION



**Jenifer Kielbasa**, Occupational Therapist - I recently completed an evaluation for a child who didn't qualify for our services but the family was really struggling with certain aspects of toilet training and had seemingly tried everything. They had done their research and were really in need of resources. Having worked with Jen in the past I knew she was a wealth of knowledge and resources so I reached out to her. I was blown away by the amount of time and energy she put into her quick response. She shared websites, books, videos, and other resources that I know this family will be so appreciative of. In a time of such uncertainty everyone's time is EXTRA valuable and Jen really went above and beyond to help me as well as this family and ultimately many others. I am so excited to share the resources as well as save them for future use for other families. ~ Kristin Leitzel, Service Coordinator



**COVID Response Team** - I don't know all of the members of the CRT, but I wanted to recognize all of your hard work during this crazy pandemic! This has required a lot of extra time on top of the usual jobs that you all do. Your ongoing guidance and support is greatly appreciated! ~ Kathy Gottlieb, Program Supervisor

**Tom Calvecchio** - Dr. Calvecchio was willing to play Santa for our ELECT holiday Zoom event. He was a fabulous Santa. He read a story and acknowledged all of the children on the "nice list" during the Zoom. We really appreciate that Dr. Calvecchio took his time to do this for ELECT. In this crazy time, this will likely be the only Santa visit for the children. We were glad we could continue the tradition! ~ Kathy Gottlieb, Program Supervisor

#changinglives

#begreat

# CAIU Wellness – Walking, My Refuge and Strength

BETH FLICK

“Go back to what's good, what's certain, what's always there. You woke up today. Just start walking.” - **JESSE L. MARTIN**

Our worlds shifted in March, 2020. Workplaces, schools, gyms, and so many other staples of our daily lives were suddenly shuttered and unavailable. Feeling unmoored by the loss of predictable routines, facing massive societal uncertainty, a looming lack of toilet paper, and the prospect of a whole lot of increased quarantined togetherness with our adult son, I started walking...

And walking.... and walking... and walking.

I then \*encouraged\* my newly and temporarily unemployed son to join me. The first few weeks were met with a reluctant “...<sigh>... “Ok, Mom. Do we have to?” Until.... three weeks in.... I was being prompted, “Mom, are we going to walk this evening?” He started walking.

And walking... and walking... and walking.

Walking became my refuge and strength. To be out in the fresh air, in sunshine and rain, in daylight and darkness, absorbing the quiet of traffic-free streets, walking through the hours I would typically be commuting to and from the office, was therapeutic.

Now, ten months later in, my son and I are still walking. We sometimes walk together in conversation or in silence, encouraging each other through longer miles. More frequently, we each walk solo, absorbing music, podcasts, audiobooks, or the silence of the outdoors.



**I think I'll go for a walk. Won't you join me?**

Here are some resources I've collected along the way, which may help you get started:

- [Walking: An Easy Way to Stay Fit During the Covid-19 Pandemic](#): “...the simplicity of walking makes it a great option, especially these days. You need no equipment or special clothing, and you can do it just about any time, alone or with family or friends (keeping at least 6 feet from others until social distancing is no longer needed).”
- [How long does it take to form a new habit?](#): Getting started can be the hardest part. Whether solo, in a group, or with a willing (or initially reluctant) quarantine pod partner, health permitting, put one foot in front of the other!
- [Beginning a Fitness Walking Program](#): Ready to begin? Click through for a simple resource to support your plans, including links to a fitness walking plan, stretches, and walking tips.
- [Fall in Love With Winter Walking](#): Starting or continuing your walking journey in the cold and limited daylight of the winter months can be a tough hurdle to overcome, but is well worth the effort! Click through for a resource for all things winter walking, including general fitness walking information, and winter-specific inspiration and gear recommendations. Gear up and keep walking!
- [Elevating your game: Fitness Walking Technique and Form](#): Are you ready to elevate your speed? Cover more ground in less time? Click through for guidance to mindfully adjusting your form and function.
- [Walking Inspiration Newsletter, Issue #9, Winter 20-21](#): A downloadable PDF with tips and enthusiastic walking support from [Walking for Health and Fitness](#)

“Walking brings me back to myself.” - **Laurette Mortimer**



## January Celebrations

- Be Kind to Food Servers Month
- School Board Recognition Month
- National Have Fun at Work Day – January 28, 2021

## February Celebrations:

- Career & Technical Education (CTE) Month
- Black History Month
- National School Counselor's Week
- Random Act of Kindness Day – February 17, 2021

## March Celebrations:

- National Social Work Month
- National Reading Month
- National Arts in Education Month
- Read Across America Day – March 2, 2021
- Employee Appreciation Day – March 5, 2021



OPPORTUNITIES FOR GROWTH

The best project you will ever work on is you! Take some time to explore all the ways there are to grow – personally and professionally.



Here are just a few upcoming sessions:

- MTSS Network
- Comprehensive School Threat Assessment Guidelines (CSTAG) Workshops
- Book Study: Mediocre
- Equity Networking Session
- High Impact Strategies

“Change is inevitable, but transformation is by conscious choice.” ~ Heather Ash Amara

Log into [Frontline](#) for the complete list of upcoming Professional Development Opportunities.

For instructions on how to register, please see our website [HERE](#)

Help Wanted!

Do you want to know what positions are open at the CAIU? Below is a list and a link to our application portal.

Paraprofessional

- 8 - EPP
- 1 - Job Coach
- 5 - PCA

Professional

- 3 - SLP
- 6 - Teacher
- 1 - Director of Student Services

Technology

- 1 - Powerschool Support Specialist



"The only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle." - Steve Jobs

Link to CAIU Job Search:  
<https://www.applitrack.com/caiu/onlineapp/>

Know someone looking – please share!

CAIU STAR AWARDS – CONGRATULATIONS!

Join us in celebrating our peers’ great accomplishments!



DEDICATION  
AWARD  
Myisha Freeman



EXPERTISE  
AWARD  
Jennifer Sciacca



LEADERSHIP  
AWARD  
Alicia McDonald



INNOVATION  
AWARD  
Elizabeth Chiodo



SERVICE  
AWARD  
Kellie Custer



PARTNERSHIP  
AWARD  
Kareem Cotton



#CHANGING LIVES  
AWARD  
Becky Boone

Do you have a story for ALL IN!? Do you know a member of the CAIU family we should recognize? Please send all stories and ideas to [communications@caiu.org](mailto:communications@caiu.org)