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**Derry Township School District
Board of Directors Meeting
February 10, 2020
Summary Minutes – XIV**

1. OPENING ITEMS

a. Call to Order

Minutes

Mrs. Steiner called the meeting to order at 7:05 p.m.

b. Roll Call

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

Member Absent: Kathy Sicher

Non-Voting Members in Attendance: Joe McFarland, and Mike Frentz

Staff/Public in Attendance: Dan Tredinnick, Jason Reifsnyder, Peter Ebert, Christine Drexler, Jacob Drexler, Michael Drexler, Julia Perry, Samantha Koegler, Elliot Stalebrink, Jordan Braun, Rebecca Moore, Ryan Liddick, Elizabeth Blosky, Amy Licata, and Claire Williams

c. Flag Salute

d. Approval of Board of Directors Agenda

Approval of the February 10, 2020 Derry Township School District Board of Directors Agenda.

Minutes

Following a motion by Mr. Singer and a second by Mrs. Memmi the agenda for the evening's meeting was approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

2. INFORMATIONAL AND PROPOSALS

a. Students of the Month Recognition

Minutes

Dr. Ebert, Assistant High School Principal, introduced the students of the month for February:

- Amy Wu
- Jacob Drexler

b. Staff Recognition

Minutes

Mr. McFarland recognized Joseph Godino, Bus Driver. Mr. Godino was recognized for going above and beyond his duties. Mr. Godino assisted a group of students during a traffic accident.

c. Presentation: Dauphin County Technical School Update

DCTS Presenters:

DCTS Administrative Director - Karen Pflugh

DCTS Senior Student - Rebecca Moore, Cosmetology

DCTS Senior Student - Jordan Braun, Electrical Construction & Maintenance

Minutes

Dauphin County Technical School Director, Karen Pflugh, provided the Board with an update on the Dauphin County Technical School and also introduced two Derry Township School District students that are attending DCTS. Student Rebecca Moore described her experience in the Cosmetology program and Jordan Braun described his experience in the Electrical program.

d. Presentation: Mini - THON

Advisor: Liz Blosky - HS Science Teacher

Advisor: Amy Licata - HS Science Teacher

Claire Williams - Lead Presenter, Mini-THON Director, and Senior

Jaelissa Akers - Mini-THON Director and Senior

Julia Parrey - Mini-THON Director and Senior

Elliot Stalebrink - Mini-THON Director and Junior

Samantha Koegler - Mini-THON Director and Sophomore

Slide Presentation [Link](#)

Minutes

Claire Williams provided a presentation to the Board on Mini-THON at Derry Township School District.

e. President Communications

Minutes

Mrs. Steiner announced that the Board met in executive session prior to this meeting to discuss:

- Matters of Personnel
- Agency Business which, if conducted in public, would violate a lawful privilege or lead to disclosure of confidential information.

f. 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 are asked to come to the microphone and 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.

Speakers are asked to review the protocol for addressing the Board which can be found at the sign in table prior to speaking. Those wishing to present private concerns or questions needing follow-up outside of the Board meeting are asked to fill out a contact card, which can be found at the podium. Completed cards may be turned in to members of the administration to facilitate a reply.

Minutes

The following citizens were recognized by the Board:

- None

g. Standing Committee Meeting Report

Minutes

Mrs. Steiner reported that the Policy Standing Committee met prior to this evening's meeting to discuss:

- Mrs. Steiner was elected Chair
- Committee reviewed 5 policies, which were approved to the full Board for 30 day review.

h. Community Correspondence Report

Minutes

Mr. Tredinnick reported that there were 10 Community Correspondences received during the month of January.

i. 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

Miss Aluquin updated the Board on the upcoming Hershey High School Musical and other performances by musical student groups

Mr. Carrera updated the Board on Mini-THON and High School course selection process.

j. Anticipated Agenda Items for the Next Board of Directors Meeting

The following items will be on the Agenda for the February 24, 2020 Public Board of Directors Meeting:

1. Approval of February 10, 2020 Board of Directors Summary Minutes
2. Leadership Training
3. Granada Roof - Brick Repairs
4. Derry Township Tax Collection Association Citizen Advisor Approval
5. Association By-Laws
6. Requests for the Use of Facilities
7. Personnel
8. Staff Development

Minutes

Anticipated agenda items for the February 24, 2020 Public Board of Directors Meeting were reviewed.

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. Memmi and a second by Ms. Drew the consent agenda items were approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

a. Approval of January 27, 2020 Summary Board of Directors Meeting Minutes - XIII

b. Approval of Field Trip/Excursion - Speech and Debate Club

The Administration recommends the approval of the proposed overnight field trip/excursion as listed:

Group:	Speech and Debate Club
Number of Participating Students:	5
Grade Level:	9-12
Destination:	Bloomsburg University Bloomsburg, PA
Purpose:	Statewide Competition
Depart:	March 13, 2020
Return:	March 14, 2020
Trip Leader:	Maxine True

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

c. Approval of Field Trip/Excursion - Shakespeare Competition

The Administration recommends the approval of the proposed overnight field trip/excursion as listed:

Group:	Pennsylvania State Shakespeare Competition
Number of Participating Students:	1
Grade Level:	11
Destination:	St. Francis University Loretto, PA
Purpose:	State Shakespeare High School Competition
Depart:	February 14, 2020
Return:	February 15, 2020
Trip Leader:	Collette Silvestri

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

d. Approval of Field Trip/Excursion - Band

The Administration recommends the approval of the proposed overnight field trip/excursion as listed:

Group:	Band
<i>Number of Participating Students:</i>	2
<i>Grade Level:</i>	9-12
<i>Destination:</i>	Central Dauphin High School Harrisburg, PA
<i>Purpose:</i>	PMEA District 7 Jazz Band
<i>Depart:</i>	March 20, 2020
<i>Return:</i>	March 21, 2020
<i>Trip Leader:</i>	Brandon Buterbaugh

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

e. Approval of Field Trip/Excursion - Sixth Grade Class

The Administration recommends the approval of the proposed overnight field trip/excursion as listed:

Group:	Sixth Grade Class
<i>Number of Participating Students:</i>	265
<i>Grade Level:</i>	6
<i>Destination:</i>	Kenbrook Camp Lebanon, PA
<i>Purpose:</i>	Use of outdoors to teach students cross curricular lessons
<i>Depart:</i>	May 18, 2020
<i>Return:</i>	May 20, 2020
<i>Trip Leader:</i>	Mike Warfel and Dan Hugendubler

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

f. Approval of Field Trip/Excursion - Hershey Powerlifting

The Administration recommends the approval of the proposed overnight field trip/excursion as listed:

Group:	Hershey Powerlifting
<i>Number of Participating Students:</i>	13
<i>Grade Level:</i>	9-12
<i>Destination:</i>	2020 High School Nationals Killeen, Texas
<i>Purpose:</i>	2020 High School Nationals

<i>Depart:</i>	March 25, 2020
<i>Return:</i>	March 30, 2020
<i>Trip Leader:</i>	Troy Smith and Dan Hugendubler

The District reserves the right to cancel the excursion based on events that could pose a heightened safety or security risk.

g. Request for the Use of School Facilities

The Administration recommends the approval of the following Request for the Use of School Facilities:

<i>Group:</i>	Hershey Soccer Club
<i>Date/Time:</i>	Saturday, June 20, 2020 from 7:30 a.m. - 5:00 p.m. Sunday, June 21, 2020 from 7:30 a.m. - 5:00 p.m.
<i>Location:</i>	322 Turf Field, Football/Track Turf Field, Memorial Field, Middle School Grass Fields A & B, HS Multi-Purpose Fields A & B, & JV Baseball outfield
<i>Event:</i>	Hershey Summer Classic Soccer Tournament 2020
<i>Fee:</i>	Rental of 2 Turf Fields: \$35.00 per hour/per field (Approximately \$1,400.00) Memorial Field, Middle School Grass Fields A & B, & High School Multi-Purpose Fields A & B, and JV Baseball Field: \$25.00 per hour/per field (Approximately \$3,000.00) Custodian: \$59.93 per hour (Approximately \$1198.60) TOTAL FEES: (Approximately \$5,598.60)
<i>Group:</i>	Hershey Soccer Club
<i>Date/Time:</i>	Saturday, May 23, 2020 from 7:00 a.m. - 6:00 p.m. Sunday, May 24, 2020 from 7:00 a.m. - 6:00 p.m.
<i>Requested Facility:</i>	322 Turf Field, Memorial Field, 2 Middle School Grass Fields HS Multi - Purpose Fields A & B
<i>Event:</i>	Hershey Memorial Day Challenge Soccer Tournament
<i>Fee:</i>	322 Turf Field Rental: \$35.00 per hour (Approximately \$840.00) Memorial Football Field, Middle School Grass Fields A & B, High School Multi-Purpose Fields A & B, JV Baseball Outfield: \$25 per hour/per field (Approximately \$3,600.00) Custodian: \$59.93 per hour (Approximately \$1,438.32) TOTAL FEES: (Approximately \$5,878.32)

Group:	Township of Derry
Date/Time:	Thursday, May 21, 2020 5:00 p.m. - 7:00 p.m.
Requested Facility	Middle School LGI
Event:	Parent's Night for the Summer Day Camp Program
Fee:	None
Group:	Hershey Soccer Club
Date/Time:	Saturday, August 15, 2020 from 7:30 a.m. - 5:00 p.m. Sunday, August 16, 2020 from 7:30 a.m. - 5:00 p.m.
Requested Facility:	322 Turf Field, Football/Track Turf Field, Memorial Field, Middle School Grass Fields A & B, HS Multi-Purpose Fields A & B, & JV Baseball outfield
Event:	Hershey Cup Soccer Tournament
Fee:	Rental of 2 Turf Fields: \$35.00 per hour/per field (Approximately \$1,400.00) Memorial Field, Middle School Grass Fields A & B, & High School Multi-Purpose Fields A & B, and JV Baseball Field: \$25.00 per hour/per field (Approximately \$3,000.00) Custodian: \$59.93 per hour (Approximately \$1198.60) TOTAL FEES: (Approximately \$5,598.60)
Group:	Hershey Little League
Date/Time:	March 1 - November 14, 2020 Monday - Friday 5:00 p.m. - 10:00 p.m. (during school year) 9:00 a.m. - 10:00 p.m. (after school year) Saturdays - 9:00 a.m. - 10:00 p.m. Sundays - 12:00 p.m. - 10:00 p.m.
Requested Facility:	North Field (Little League), South Field (Softball), Memorial Field, & JV Baseball Field ***JV Baseball Field unavailable the following weekends: May 23, 24, (Memorial Day), June 20, 21, August 15, & 16.
Event:	Little League Baseball Practices & Games
Fee:	None

h. Announcement of Staff Development Conferences

Staff Member:	Miriam Collins
Conference:	Random Acts of Kindness - The Kindness Experiment
Location:	Denver, Colorado
Dates:	April 8 - 10, 2020
Staff Member:	Pamela Keene
Conference:	AIM Curriculum Workshop
Location:	Philadelphia, PA
Dates:	March 22 - 23, 2020
Staff Member:	Page Kozak
Conference:	School Nursing: Rooted in Values, Growing through Knowledge
Location:	State College, PA
Dates:	March 27 - 29, 2020
Staff Member:	Allison Mackley
Conference:	ALA Annual Conference
Location:	Chicago, IL
Dates:	June 25 - June 30, 2020
Staff Member:	Brianna Pogue
Conference:	AIM Conference/Training
Location:	Philadelphia, PA
Dates:	March 22 - 23, 2020
Staff Member:	Donna Spangler
Conference:	Learning Forward Academy 2021 - Session 3
Location:	Minneapolis, MN
Dates:	July 16 - 19, 2020
Staff Member:	Deirdre Stalneck
Conference:	School Social Work Association of America National Conference
Location:	Baltimore, MD

<i>Dates:</i>	March 17 - 21, 2020
<i>Staff Member:</i>	David Yingst
<i>Conference:</i>	Learning Forward Academy 2021 - Session 3
<i>Location:</i>	Minneapolis, MN
<i>Dates:</i>	July 16 - 19, 2020

5. NEW BUSINESS

a. Approval of Hershey Theatre Venue Agreement for the 2020-2021 High School Commencement

The Administration recommends the approval of the Hershey Theatre Venue Use Agreement for the 2020-2021 Hershey High School Commencement Ceremony.

Minutes

Following a motion by Dr. Cronin and a second by Mrs. Memmi the agreement with Hershey Theatre Venue Use Agreement for the 2020-2021 Hershey High School Commencement Ceremony was approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

b. Approval of Internship Affiliation Agreement - Millersville University of Pennsylvania

The Administration recommends the Board approve the five-year Affiliation Agreement with the Derry Township School District and Millersville University of Pennsylvania effective the 2019-2020 academic year.

Minutes

Following a motion by Ms. Drew and a second by Mrs. Memmi the Internship Affiliation Agreement with Millersville University of Pennsylvania was approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

c. Approval of CAIU Operation and Maintenance Agreement for District Classroom Space, Preschool

The Administration recommends the approval of the CAIU Operation and Maintenance Agreement for District Classroom Space to be used for a Preschool Program for a period of one year, July 1, 2019 to June 30, 2020.

Minutes

Following a motion by Dr. Cronin and a second by Mrs. Memmi the CAIU Operation and Maintenance Agreement for District Classroom Space to be used for a Preschool Program for a period of one year, July 1, 2019 to June 30, 2020 was approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

d. Approval of 2018-2019 Audit Report

The Administration recommends the Board approve the 2018-2019 Audit Report prepared by the firm of Boyer and Ritter, LLC.

Minutes

Following a motion by Mr. Singer and a second by Ms. Drew the 2018-2019 Audit Report prepared by the firm of Boyer and Ritter, LLC was approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

e. Personnel - Resignations

The Administration recommends the approval of the following resignations:

Professional:**Lemaster, Elizabeth**

Mathematics Teacher

High School

Reason: Retirement

Effective: At the end of the 2019-2020 school year

White, Natalie

Family & Consumer Science Teacher

High School

Reason: Retirement

Effective: At the end of the 2019-2020 school year

Classified:**O'Connor, Linda**

Administrative Assistant

High School

Reason: Retirement

Effective: 07/24/2020

Tobin, Jean

General Food Service Worker

Elementary School

Reason: Personal

Effective: 1/31/2020 (retroactive)

Minutes

Following a motion by Mrs. Memmi and a second by Ms. Drew the Personnel - Resignation items were approved.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

f. Personnel - General

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

Professional:**Dee, Jordan** (for Ryan Johnson)

Special Education Teacher

Early Childhood Center

Long-Term Substitute

Bachelors, Step 1

Salary: \$52,494 (pro-rated)

Effective: 02/11/2020 through the end of the 2019-2020 school year

Classified:**Costantini, Philip**

Substitute Custodian

District-wide

Salary: \$15.23 per hour

Effective: 02/11/2020

Holley, Kristy (replacing Lesley Beyer)

Paraprofessional (Self-Contained Classroom)

Early Childhood Center

Level B: 6.5 hours per day

Salary: \$16.76 per hour

Effective: 02/11/2020

Howard-Caesar, La'Trisa (replacing Kelly Ross)
Paraprofessional
Middle School
Level A: 5.75 hours per day
Salary: \$16.76 per hour
Effective: 02/11/2020

Transfer of Classified Staff:

Anthony, Alyeshia*
From: Administrative Assistant
Intermediate Elementary
To: Administrative Assistant (replacing Jennifer Meckes)
Primary Elementary
Level A: 4.5 hours per day
Salary: \$19.30 per hour
Effective: 02/11/2020

Zimmerman, Theresa*
From: General Food Service Worker
Middle School
To: General Food Service Worker (replacing Jean Tobin)
Elementary School
Level A: 4.0 hours per day
Salary: \$13.25 per hour
Effective: 02/11/2020

Limited Service Contracts:

Clouser, Barbara*
Mentor to Cecelia Kreamer, Spanish Teacher LTS
High School
Salary: \$500
Effective: 2/11/2020

Beverly Cullen*
Assistant Varsity Boy's Tennis Coach
Group G, Step 7
Salary: \$2,325
Effective: 02/11/2020

2. The Administration recommends the approval of the following request in accordance with District Policy 339:

Lamparter, William*

Bus Driver

District-wide

Uncompensated Leave

Effective: 01/30/2020 through 02/29/2020 (retroactive)

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

Minutes

Following a motion by Dr. Cronin and a second by Mrs. Memmi the Personnel - General items were approved and transfers were recognized.

Vote Results

Yea:	8	John Abel, Donna Cronin, Lindsay Drew, Judy Haverstick, Maria Memmi, Lewis Shaw, Terry Singer, Tricia Steiner
Nay:	0	
Abstain:	0	
Not Cast:	1	Kathy Sicher

6. DELEGATE REPORTS

7. SPECIAL REPORTS

a. Board Members' Report

Minutes

The following Board members provided reports:

- Mr. Abel - Reported on the Downtown Hershey Association meeting;
- Dr. Cronin - Called attention to some of the mailings Board members received from PSBA

b. Superintendent's Report

Minutes

Mr. McFarland provided the following report to the Board:

- Congratulations to our girls' swim and dive team on modeling our COCOA principles recently at an away swim meet. Mr. Govern received the following email following the meet:
 - "I am a former varsity swim coach at State College and have been one of the Pool Supervisors and Meet Managers there the past five years. Last night after the SC (State College) vs. Hershey Swimming and Diving Meet, I went in to clean up the locker rooms and the girls' locker room was SPOTLESS. Like, I've-never-seen-the-locker-room-so-clean spotless. Please tell your coaches and teams that I've been around pool locker rooms for almost 30 years and have never seen anything like that. Whatever they are doing with their student-athletes is working!"

c. Board President's Report

Minutes

Mrs. Steiner did not have a report for the Board.

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 come to the microphone and follow the same guidelines outlined at the initial public comment portion of our meeting.

Minutes

The following citizens were recognized by the Board:

- Christine Drexler - Thanked Board members that attended the Township of Derry Board of Supervisors meeting.

9. ADJOURNMENT

Minutes

Following a motion by Mrs. Memmi and a second by Ms. Drew the meeting was adjourned at 8:03 p.m.

Respectfully submitted,



Michael Frentz
Secretary to the Board
Approved February 24, 2020



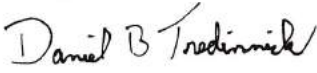





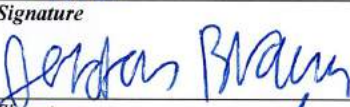



Kathy Sicher
President of the Board of Directors

Derry Township School District

School Board Meeting

February 10, 2020

Please Sign In AND Print Your Name

Signature 	Printed Name Dan Tredinnick
Signature 	Printed Name Peter Ebert
Signature 	Printed Name Christine Drexler
Signature 	Printed Name Jacob Drexler
Signature 	Printed Name Michael Drexler
Signature 	Printed Name Julia Parrey
Signature 	Printed Name Samantha Keegler
Signature 	Printed Name Elliot Stalabrink
Signature 	Printed Name Jordan Braun
Signature 	Printed Name Rebecca Moore
Signature 	Printed Name Ryan E. Linnick
Signature 	Printed Name Elizabeth Blasly
Signature 	Printed Name Amy Licata
Signature 	Printed Name Claire Williams
Signature	Printed Name

STUDENT OF THE MONTH - HERSHEY ROTARY CLUB - STUDENT ACHIEVEMENTS

Phonetic pronunciation of your name.

Jay-cub Drecks-Ler

Student Name *

Jacob Drexler

Parents Names *

Christine and Michael Drexler

Phone number *

[REDACTED]

Home mailing address

[REDACTED]

Current School Activities *

Please list current school activities.

Theater, We matter club President and founder, National Honor Society President, marching band, Jazz band, link crew leader, Humans of Hershey High School Photographer,

Honors and Awards *

Please list any honors or awards you've received.

Distinguished honor roll

GPA (optional)



Current Service Activities and Achievements *

Cocoa Packs, unite youth, church praise band drummer, young people's ministry Council, math National Honor Society, French National Honor Society

Hobbies *

Theater, drumming, playing super smash bro's, ultimate frisbee, disc golf

Senior Year Courses *

Wind symphony, marching band, AP English Literature, AP Physics, AP Calculus AB, French 5, Accounting 1, Money and Power, Alternative PE

Future Plans

Name of college / university you plan to attend?

Franklin & Marshall

Intended Major

Psychology

Additional Information

I would like to become an undergraduate admissions counselor

This form was created inside of Derry Township School District.

 Google Forms

STUDENT OF THE MONTH - HERSHEY ROTARY CLUB - STUDENT ACHIEVEMENTS

Phonetic pronunciation of your name.

.....

Student Name *

Amy Wu

.....

Parents Names *

Xianzhu Wu (dad) & Jianhong Zhang (mom)

.....

Phone number *

.....

Home mailing address

.....

Current School Activities *

Please list current school activities.

Science Olympiad (team captain), Youth and Government (Committee Chair (statewide leadership, 3 years), Pod Leader (Club leadership, 3 years)), TEDxYouth@ChocolateAve (Overall Chair), PULSE, National Honor Society, Spanish Honor Society (Vice President), Mu Alpha Theta (Math Honor Society), Psychology Honor Society

Honors and Awards *

Please list any honors or awards you've received.

Qualifier for US National Chemistry Olympiad (qualified with 2nd highest score in my section)

National Silver Medal in Scholastic Art and Writing Awards in 11th grade (Gold Keys in 2018 and 2019)

US Presidential Scholars Candidate

2 Time Anatomy and Physiology State Champion (Science Olympiad)

2nd Place in Disease Detectives at State Science Olympiad Competition

1st Place with Perfect Score at Pennsylvania Junior Academy of Sciences (PJAS) Science Fair

National Merit Scholarship Semifinalist (pending Finalist status)

3 Time Alternate for the Conference on National Affairs (Youth and Government)

AP Scholar with Distinction

Class President

1st Place at 33rd Annual Brossman Foundation and Ronald E. Frisbie Sr. Science Lectureship at Millersville University

3rd Place at 45th Annual John Steiner Gold Exam at Bucknell University

21 School Awards (17 Academic Achievement Awards, certificate from American Chemical Society recognizing me as Chemistry Student of the Year at Hershey High School, school wide award recognizing me for representing Hershey High School at Hugh O'Brian (HOBY) State Leadership Seminar as the Majority Caucus Chair, and 2 Class Achievement Awards)

GPA (optional)



Current Service Activities and Achievements *

HOBY Community Leadership Workshop (CLeW) attendee (9th grade) and organizer (11th grade, also served as Majority Caucus Chair at HOBY State Leadership Seminar (10th grade), through HOBY, I've volunteered on a horse farm, food bank, etc.; Hershey Public Library volunteer; Mathcounts Tutor; National Honor Society (NHS) Tutor; through NHS, I've also participated in a canned food drive, sold chocolate bars to help fund education in Haiti, etc.

Hobbies *

I love reading whatever I can get my hands on. I also love watching nature and history documentaries as well as sketch comedy.

Senior Year Courses *

AP Physics, AP Biology, AP English Literature and Composition, AP Statistics, AP European History, AP Spanish, Advanced Computer Science, APEX (gym)

Future Plans

Name of college / university you plan to attend?

Unknown

Intended Major

Neuroscience and Computer Science double major

Additional Information

I want to become a doctor.

This form was created inside of Derry Township School District.

Google Forms

Derry Township School District



Request for Field Trip Form

Date Submitted: <u>2/4/2020</u>	
Name of Group, Class or Organization: <u>Speech and Debate Club</u>	
Teacher(s) or Advisor(s): <u>Maxine True</u>	
Destination: <u>Bloomsburg University 400 E. 2nd Street Bloomsburg PA,</u>	
Transportation Provider: <u>DTSD</u>	
Date of Departure: <u>March 13, 2020</u>	Date of Return: <u>March 14, 2020</u>
Time of Departure: <u>8:15 am</u>	Time of Return: <u>5:30 pm</u>
Does this trip need board approval (overnight fieldtrip)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Purpose of Trip: <u>To use their speech and debate skills to compete statewide as part of school club.</u>	
Number of Students Participating: <u>5</u>	Grade level(s): <u>9-12</u>
Curriculum Connections	
1. <u>To use their speech and debate skills to compete statewide as part of school club.</u>	
2. _____	
3. _____	

Names of All Staff Participating: (Check ☐ if a substitute teacher is required)

<input type="checkbox"/> <u>Maxine True</u>	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Name of Volunteer Chaperones: (Check ☐ if clearances have been approved – Verify with Human Resources)

<input checked="" type="checkbox"/> <u>William Prescott (Roy Prescott)</u>	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Teacher(s) or Advisor(s) Signature: _____

Date: 2/3/20

The Principal/Supervisor must have the emergency contact information and list of all participants prior to the date of the trip.

Field Trip Costs		Cost Per Student	Qty.	Student Subtotal	Cost Per Staff or Chaperone	Qty.	Staff/ Chaperone Subtotal	Amount
A	Transportation	\$ 0.65	148.00	\$ 96.20	\$ 0.00	0.00	\$ 0.00	\$ 96.20
B	Lodging	\$ 0.00	0.00	\$ 0.00	\$ 0.00	0.00	\$ 0.00	\$ 0.00
C	Meals	\$ 23.10	6.00	\$ 138.60	\$ 23.10	1.00	\$ 23.10	\$ 161.70
D	Registration/Entrance Fees	\$ 15.00	5.00	\$ 75.00	\$ 150.00	1.00	\$ 150.00	\$ 225.00
E	Staff Substitutes	(\$129 per substitute per day)						
F	Other Expenses (List):	Hotel						\$ 450.00
Total Trip Expense (Add Amounts for Lines A - F)								\$ 932.90

Field Trip Funding Sources		Fee	Qty.	Amount
G	Fees paid by Student/Family			\$ 0.00
H	Fees paid by Chaperone	\$ 0.00	0.00	\$ 0.00
I	PTO/Booster Club (specify) _____			
J	Activity Account (specify) _____			
K	Department Budget (specify) Speech and Debate Budget for Travel (10-3210-000-30-80-529)			\$ 707.90
L	Other (specify) Speech and Debate Budget for Dues (10-3210-000-30-80-529-810)			\$ 225.00
Total Trip Funding (Add Amounts for Lines G - L)				\$ 932.90

Total Trip Funding Must equal Total Trip Expense

Plan to cover costs for students with an economic hardship: n/a

Explanation if Funding Sources are less than Field Trip Costs: _____

Approval/Disapproval

Building/Supervisor's Principal:	Approved <input checked="" type="checkbox"/>	Disapproved <input type="checkbox"/>
Assistant Superintendent for Curriculum & Instruction:	Approved <input checked="" type="checkbox"/>	Disapproved <input type="checkbox"/>

Reason for Disapproval: _____

Principal's/Supervisor's Signature: [Signature] Date Processed: 2/4/2020

Superintendent's Signature: [Signature] Date Processed: 2/4/2020

Board Approval Date (if required): 2/10/20

Derry Township School District



Request for Field Trip Form

Date Submitted: 1/27/2020

Name of Group, Class or Organization: Band

Teacher(s) or Advisor(s): Brandon Buterbaugh

Destination: Central Dauphin High School

Transportation Provider: DTSD (van)

Date of Departure: 3/20/2020 Date of Return: 3/21/2020

Time of Departure: 7:15am Time of Return: (Van is one-way, students w/ parents)

Does this trip need board approval (overnight fieldtrip)? ☒ Yes ☐ No

Purpose of Trip: Participation is PMEA District 7 Jazz Band

Number of Students Participating: 2 Grade level(s): 9-12

Curriculum Connections

1. National Standard MU:Re9.1.E.IIIa - Responding: Evaluate
2. National Standard MU:Cn11.0.T.IIIa - Connecting #11
3. _____

Names of All Staff Participating: (Check ☒ if a substitute teacher is required)

<input checked="" type="checkbox"/> <u>Brandon Buterbaugh</u>	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Name of Volunteer Chaperones: (Check ☐ if clearances have been approved – Verify with Human Resources)

<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Teacher(s) or Advisor(s) Signature: 

Date: 1/27/2020

The Principal/Supervisor must have the emergency contact information and list of all participants prior to the date of the trip.

Field Trip Costs		Cost Per Student	Qty.	Student Subtotal	Cost Per Staff or Chaperone	Qty.	Staff / Chaperone Subtotal	Amount
A	Transportation	\$8	2	\$16			\$ 0.00	\$16
B	Lodging			\$ 0.00			\$ 0.00	\$ 0.00
C	Meals			\$ 0.00			\$ 0.00	\$ 0.00
D	Registration/Entrance Fees	\$140	2	\$280				\$280
E	Staff Substitutes	(\$129 per substitute per day)						\$129
F	Other Expenses (List):							
Total Trip Expense (Add Amounts for Lines A - F)								\$425



Field Trip Funding Sources		Fee	Qty.	Amount
G	Fees paid by Student/Family			\$ 0.00
H	Fees paid by Chaperone			\$ 0.00
I	PTO/Booster Club (specify) _____			
J	Substitute _____			\$129
K	Department Budget (specify) 10-1110-000-30-80-121 Code: 580 _____			\$16
L	Other (specify) 10-1110-000-30-80-121 Code: 810 _____			\$280
Total Trip Funding (Add Amounts for Lines G - L)				\$425

Total Trip Funding Must equal Total Trip Expense

Plan to cover costs for students with an economic hardship: _____

Explanation if Funding Sources are less than Field Trip Costs: _____

Approval/Disapproval

Building/Supervisor's Principal:	Approved 	Disapproved _____
Assistant Superintendent for Curriculum & Instruction:	Approved 	Disapproved _____

Reason for Disapproval: _____

Principal's/Supervisor's Signature:  Date Processed: 4/31/20

Superintendent's Signature:  Date Processed: 2/4/2020

Board Approval Date (if required): 2/10/20

Derry Township School District



Request for Field Trip Form

Date Submitted: 9/3/2019 +

Name of Group, Class or Organization: 6th Grade +

Teacher(s) or Advisor(s): Mike Warfel and Dan Hugendubler +

Destination: Kenbrook, Lebanon, PA +

Transportation Provider: Derry Township School District +

Date of Departure: 5/18/20 & 5/20/20 + Date of Return: 5/20/20 & 5/22/20 +

Time of Departure: 9:00 am + Time of Return: 11:30 am on 5/20 & 5/22/20 +

Does this trip need board approval (overnight fieldtrip)? ☒ Yes ☐ No

Purpose of Trip: Use the outdoors to teach students cross curricular lessons +

Number of Students Participating: 265 + Grade level(s): 6th +

Curriculum Connections

1. Biology +

2. Mathematics +

3. Communication Arts +

Names of All Staff Participating: (Check ☐ if a substitute teacher is required)

☒ See Attached Paper +

☐ _____

☐ _____

☐ _____

☐ _____

☐ _____

Name of Volunteer Chaperones: (Check ☐ if clearances have been approved – Verify with Human Resources)

☒ See Attached Paper +

☐ _____

☐ _____

☐ _____

☐ _____

☐ _____

Teacher(s) or Advisor(s) Signature: _____

Date: 1/30/20

The Principal/Supervisor must have the emergency contact information and list of all participants prior to the date of the trip.

Field Trip Costs		Cost Per Student	Qty.	Student Subtotal	Cost Per Staff or Chaperone	Qty.	Staff / Chaperone Subtotal	Amount
A	Transportation	\$ 5.21	265.00	\$ 1,380.65	\$ 5.21	80.00	\$ 416.80	\$ 1,797.45
B	Lodging	\$ 107.00	265.00	\$ 28,355.00	\$ 107.00	80.00	\$ 8,560.00	\$ 36,915.00
C	Meals			\$ 0.00			\$ 0.00	\$ 0.00
D	Registration/Entrance Fees			\$ 0.00			\$ 0.00	\$ 0.00
E	Staff Substitutes	(\$129 per substitute per day)						\$ 3,612.00
F	Other Expenses (List):							\$ 11,020.00
Total Trip Expense (Add Amounts for Lines A - F)								\$ 53,344.45

Field Trip Funding Sources		Fee	Qty.	Amount
G	Fees paid by Student/Family	\$ 25.00	200.00	\$ 5,000.00
H	Fees paid by Chaperone	\$ 50.00	50.00	\$ 2,500.00
I	PTO/Booster Club (specify) <u>DEER T-Shirts</u>			\$ 1,800.00
J	Activity Account (specify) _____			
K	Department Budget (specify) <u>10-1100-000-22-50-000-810</u>			\$ 44,044.45
L	Other (specify) _____			
Total Trip Funding (Add Amounts for Lines G - L)				\$ 53,344.45

Total Trip Funding Must equal Total Trip Expense

Plan to cover costs for students with an economic hardship: _____

Explanation if Funding Sources are less than Field Trip Costs: District covers remaining amount ☒

Approval/Disapproval

Building/Supervisor's Principal:

Approved ☒

Disapproved ☐

Assistant Superintendent for Curriculum & Instruction:

Approved ☒

Disapproved ☐

Reason for Disapproval: _____

Principal's/Supervisor's Signature: [Signature]

Date Processed: 1/30/20

Superintendent's Signature: [Signature]

Date Processed: 2/4/2020

Board Approval Date (if required): 2/10/20

Derry Township School District



Request for Field Trip Form

Date Submitted: February 3, 2020

Name of Group, Class or Organization: Hershey Powerlifting

Teacher(s) or Advisor(s): Troy Smith & Dan Hugendubler

Destination: Killeen, Texas

Transportation Provider: airline & rental van once in Texas

Date of Departure: 3/25/20 Date of Return: 3/30/20

Time of Departure: morning Time of Return: afternoon

Does this trip need board approval (overnight fieldtrip)? ☒ Yes ☐ No

Purpose of Trip: 2020 High School Nationals

Number of Students Participating: 13 Grade level(s): 9th-12th

Curriculum Connections

1. Engage in physical activity that supports achievement of personal fitness and promotes lifelong participation.
2. Use of strategies for enhancing group interaction in physical activities.
3. _____

Names of All Staff Participating: (Check ☐ if a substitute teacher is required)

<input checked="" type="checkbox"/> <u>Troy Smith</u>	<input type="checkbox"/> _____
<input checked="" type="checkbox"/> <u>Dan Hugendubler</u>	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Name of Volunteer Chaperones: (Check ☐ if clearances have been approved – Verify with Human Resources)

<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Teacher(s) or Advisor(s) Signature: T. Smith Date: 2/3/20

The Principal/Supervisor must have the emergency contact information and list of all participants prior to the date of the trip.

Field Trip Costs		Cost Per Student	Qty.	Student Subtotal	Cost Per Staff or Chaperone	Qty.	Staff / Chaperone Subtotal	Amount
A	Transportation	\$ 415.00	13.00	\$ 5,395.00	\$ 415.00	2.00	\$ 830.00	\$ 6,225.00
B	Lodging	\$ 191.00	13.00	\$ 2,483.00	\$ 286.50	2.00	\$ 573.00	\$ 3,056.00
C	Meals	\$ 150.00	13.00	\$ 1,950.00	\$ 150.00	2.00	\$ 300.00	\$ 2,250.00
D	Registration/Entrance Fees	\$ 115.00	13.00	\$ 1,495.00	\$ 65.00	2.00	\$ 130.00	\$ 1,625.00
E	Staff Substitutes	(\$129 per substitute per day)						\$ 1,032.00
F	Other Expenses (List):	15-Passanger Van						\$ 728.00
Total Trip Expense (Add Amounts for Lines A - F)								\$ 14,916.00

Field Trip Funding Sources		Fee	Qty.	Amount
G	Fees paid by Student/Family	\$ 512.00	13.00	\$ 6,656.00
H	Fees paid by Chaperone	\$ 436.50	2.00	\$ 873.00
I	PTO/Booster Club (specify) _____			
J	Activity Account (specify) <u>coach registration</u>			\$ 130.00
K	Department Budget (specify) <u>lifter & coach flights: budget (10-3210-000-30-80-530) object code 580</u>			\$ 6,225.00
L	Other (specify) <u>DTSD- subs for Dan & I</u>			\$ 1,032.00
Total Trip Funding (Add Amounts for Lines G - L)				\$ 14,916.00

Total Trip Funding Must equal Total Trip Expense

Plan to cover costs for students with an economic hardship: NA

Explanation if Funding Sources are less than Field Trip Costs: _____

Approval/Disapproval

Building/Supervisor's Principal:

Approved ☒

Disapproved ☐

Assistant Superintendent for Curriculum & Instruction:

Approved ☒

Disapproved ☐

Reason for Disapproval: _____

Principal's/Supervisor's Signature: _____

Date Processed: 2/4/20

Superintendent's Signature: _____

Date Processed: 2/5/2020

Board Approval Date (if required): _____

2/10/20



VENUE USE AGREEMENT

THIS VENUE USE AGREEMENT ("Agreement") is entered into on November 14, 2019, by and between HERSHEY ENTERTAINMENT & RESORTS COMPANY, a Pennsylvania corporation with its principal place of business at 27 W. Chocolate Avenue, Hershey, Pennsylvania 17033 (hereinafter referred to as "HE&R") as agent for THE M.S. HERSHEY FOUNDATION, a charitable trust with offices located at 63 West Chocolate Avenue, Hershey, Pennsylvania 17033 (hereinafter referred to as "MSHF") and Hershey High School, 30A E. Granada Ave., Hershey, PA 17033, (hereinafter called HERSHEY HIGH SCHOOL).

BACKGROUND:

MSHF operates several assets in Hershey, Pennsylvania including, but not limited to, Hershey Theatre, which is located in the Township of Derry, Pennsylvania ("HERSHEY THEATRE"), and

MSHF has contracted with HE&R to serve as its agent in operating HERSHEY THEATRE. The Agreement between MSHF and HE&R authorizes HE&R to, among other things, enter into agreements for entertainment events at HERSHEY THEATRE, and

HERSHEY HIGH SCHOOL desires to use HERSHEY THEATRE, upon and subject to the provisions of this Agreement, for the event set forth in Paragraph 1 of this Agreement (the "Event").

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and intending to be legally bound, HE&R and HERSHEY HIGH SCHOOL agree as follows:

1. EVENT INFORMATION:

EVENT:	HERSHEY HIGH SCHOOL COMMENCEMENT
EVENT DATE:	Wednesday, June 2, 2021
EVENT TIME:	7:00 PM
DOORS OPEN:	5:00 PM
LOAD-IN:	Any time after 6:00 AM on Wednesday, June 2, 2021
LOAD-OUT:	Immediately after event concludes on Wednesday, June 2, 2021

2. FEE / DEPOSIT:

HOUSE FLAT FEE: In consideration for the use of HERSHEY THEATRE, HERSHEY HIGH SCHOOL agrees to pay HE&R a fee of THREE THOUSAND FIVE HUNDRED DOLLARS (\$3,500.00), PLUS ALL EXPENSES. All monies are payable in United States currency at settlement on the day of Event, or immediately upon receipt of invoice following Event.

The house flat includes the following expenses: Venue rent, box office staff, ushers, ticket takers, security, EMT's/First Aid, cleaning/utility,

HERSHEY THEATRE production systems, and HERSHEY THEATRE equipment.

The house flat charge does not include the following expenses: Advertising, SESAC/BMI/ASCAP/GMR fees, stagehands, riggers, electrician, piano tuning, insurance, production crew, specific performances licenses, transportation, fork lift with operator, lodging, telephones, internet service, towels & laundry, runners, event credit card charges and catering.

DEPOSIT:

A deposit of **ONE THOUSAND SEVEN HUNDRED AND FIFTY DOLLARS (\$1,750.00)** is due and payable to HE&R in United States currency upon signing of this Agreement. HERSHEY HIGH SCHOOL agrees to forfeit full deposit if the Event is cancelled or postponed. In addition, HE&R shall be reimbursed for all management expenses and other incurred expenses.

If HE&R has reasonable grounds for insecurity as to HERSHEY HIGH SCHOOL ability or willingness to perform the Event, HE&R shall have the right, in its reasonable discretion, to require HERSHEY HIGH SCHOOL to furnish a bond guaranteeing the faithful performance of the Event.

3. TICKET SALES / BOX OFFICE:

- 3.1. HE&R shall at all times maintain control and direction of HERSHEY THEATRE Box Office ("Box Office"), Box Office personnel until settlement.
- 3.2. HERSHEY HIGH SCHOOL agrees to pay for all related Box Office services associated with the Event as set forth in Paragraph 3.3 below.
- 3.3. HE&R retains the right, up to the time of settlement, to provide ticket refunds for due cause in keeping with the HE&R's policy of retaining a good public image. Such refunds shall include, but not be limited to, seats blocked by equipment when exchange for comparable location is not possible or failure of act to appear or go on stage within reasonable time of schedule provided by HERSHEY HIGH SCHOOL.

TICKET PRICES: HERSHEY HIGH SCHOOL agrees that all tickets shall be complimentary.

MANIFEST: The manifest will include exactly 1,904 tickets. HE&R will have an adequate supply of tickets available for the Event as indicated on the manifest to be agreed upon by HERSHEY HIGH SCHOOL and HE&R.

BOX OFFICE CHARGE: HERSHEY HIGH SCHOOL agrees to pay **TWO HUNDRED DOLLARS (\$200.00)** for Box Office services unless special services, cancellations, etc., necessitates added costs to HE&R.

CREDIT CARD FEES: THIS PARAGRAPH INTENTIONALLY DELETED

FACILITY FEE: THIS PARAGRAPH INTENTIONALLY DELETED

TAXES: THIS PARAGRAPH INTENTIONALLY DELETED

TICKET HANDLING FEES: THIS PARAGRAPH INTENTIONALLY DELETED

TICKETMASTER: THIS PARAGRAPH INTENTIONALLY DELETED

4. CONCESSIONS / MERCHANDISE / PARKING:

- 4.1. HE&R reserves the exclusive right to control concessions, including, but not limited to, food, beverage, parking, and all catering functions.

4.2. Food and beverage is not permitted in the auditorium of HERSHEY THEATRE at any time. Additional clean-up charges will be assessed if necessary

4.3. THIS PARAGRAPH INTENTIONALLY DELETED

4.4. THIS PARAGRAPH INTENTIONALLY DELETED

4.5 HE&R has final approval of all merchandise displays or product sold within HERSHEY THEATRE. If vendors other than HERSHEY THEATRE vendors are used, HERSHEY HIGH SCHOOL agrees that they will be dressed appropriately in keeping with HE&R's policy of creating a good public image and abide by all HERSHEY THEATRE rules and policies

5. USE OF HERSHEY THEATRE / CONDITIONS / RESTRICTIONS:

5.1. HERSHEY HIGH SCHOOL shall provide HE&R at least fifteen (15) business days before the first day of the Event, a full and detailed outline for approval by HE&R of all Event and rider requirements, including stage, seating setups, and all such other information as may be required by HE&R concerning the Event.

5.2. Events at HERSHEY THEATRE shall end no later than 11:00 PM. HERSHEY HIGH SCHOOL covenants and agrees that the Event will not continue beyond the time specified above, Eastern Standard Time or Eastern Daylight Saving Times, whichever is then in use, and further agrees that should such Event continue beyond such time, HERSHEY HIGH SCHOOL shall pay to HE&R, above and beyond that set forth in Paragraph 2 hereof, the sum of Five Hundred Dollars (\$500.00) for each hour, or any fraction thereof, that the Event extends beyond the aforesaid time.

5.3. THIS PARAGRAPH INTENTIONALLY DELETED

5.4. HERSHEY HIGH SCHOOL acknowledges that Pennsylvania has a public No Smoking law which prohibits anyone from smoking inside buildings. HERSHEY HIGH SCHOOL agrees to abide by and actively enforce the No Smoking law inside HERSHEY THEATRE.

5.5. HERSHEY HIGH SCHOOL agrees that no tickets will be distributed unless HE&R receives in advance of the scheduled Event, a signed copy of this Agreement, technical rider, and insurance certificate.

5.6. In addition to the amounts listed above, HERSHEY HIGH SCHOOL shall pay and reimburse HE&R for all other expenses, all necessary staffing, and any and all help necessary for the Event. HE&R retains the right to determine the appropriate source and number of all staff and security personnel to operate the Event. The amount of the reimbursable expense, covered by this Paragraph shall include the cost referred to on the attached staffing and services estimate, identified as Event Estimate, which by this reference is incorporated herein, and shall be paid no later than the time of settlement for the Event or such earlier time as is specified by HE&R. The amounts reflected on the attached Event Estimate staffing and services estimate are based on information provided to HE&R at the formation of this Agreement and are subject to change.

5.7. HERSHEY HIGH SCHOOL is responsible for the proper use and care of HERSHEY THEATRE. HERSHEY HIGH SCHOOL agrees to pay for the cost of any damage or repairs that may be necessary as a result of the use of HERSHEY THEATRE by HERSHEY HIGH SCHOOL, reasonable wear and tear customary for such Event excepted.

5.8. Any special events or performances, including, but not limited to skating, biking, use of lasers, fireworks/pyrotechnics, water, animals, and the like, must be approved by HE&R in writing sixty (60) days prior to event. Failure to comply with this Paragraph is a material breach of this Agreement and grounds for immediate termination without notice or opportunity to cure.

5.9. Parking lots adjacent to HERSHEY THEATRE are not available for use on weekdays prior to 5:00 PM. Vehicles parked in these adjacent lots during the stated times are subject to towing at vehicle owner's sole expense. Under no circumstances are parking spaces marked "reserved", "company car", or "HET" to be used.

5.10. HERSHEY HIGH SCHOOL is not permitted to bring into HERSHEY THEATRE, or have delivered to HERSHEY THEATRE, any outside food or beverage.

- 5.11 HERSHEY HIGH SCHOOL agrees that HE&R shall not be responsible for preventing public from entering HERSHEY THEATRE during load-in or rehearsals. HERSHEY HIGH SCHOOL must arrange for and reimburse HE&R for additional security, if required. Additional security shall be required to abide by the terms and conditions set forth in this Agreement, and HERSHEY HIGH SCHOOL shall indemnify and hold harmless HE&R from any and all Claims (as defined in Paragraph 7.1 below) that arise as a result of this additional security.
- 5.12. Except as otherwise agreed to by HE&R and HERSHEY HIGH SCHOOL, HERSHEY HIGH SCHOOL is responsible for providing, at its sole cost and expense, all materials, supplies, equipment, and props necessary for the Event (the "HERSHEY HIGH SCHOOL Property"). HE&R shall not be responsible or liable for any HERSHEY HIGH SCHOOL Property that is lost, stolen, or damaged. HERSHEY HIGH SCHOOL is responsible for insuring the HERSHEY HIGH SCHOOL Property against any and all such loss or damage.
- 5.13. HERSHEY HIGH SCHOOL agrees to remove all HERSHEY HIGH SCHOOL Property or other effects immediately after the completion of the Event. Any property that is left in, on, or around HERSHEY THEATRE by HERSHEY HIGH SCHOOL after a period of seven (7) days following the Event shall be deemed abandoned and become the property of HE&R to be used or disposed of at the discretion of HE&R.
- 5.14. HE&R shall manage and control the operation of HERSHEY THEATRE at all times, including but not limited to enforcement of all rules and regulations and/or applicable law.
6. **ALTERATIONS:**
- 6.1. HERSHEY HIGH SCHOOL shall make no alterations or improvements of, or attachments of any kind to HERSHEY THEATRE, without the prior approval of HE&R, which may be withheld or conditioned in its sole discretion.
- 6.2. HE&R may, at any time, remodel, make alterations, additions, improvements, and repairs to the whole or any part of HERSHEY THEATRE.
7. **INDEMNIFICATION:**
- 7.1. To the fullest extent permitted by law, HERSHEY HIGH SCHOOL shall indemnify, defend and hold harmless HE&R, the Hershey Entertainment & Resorts Company, The M.S. Hershey Foundation, and the owners, directors, officers, employees, agents, and affiliated and related entities of each ("HE&R Indemnities") from and against any and all claims, liability, injury, damage or expense incurred, including reasonable attorneys' fees, expert fees, and costs of litigation (collectively referred to as "Claims") to the extent such Claims arise out of or relate to HERSHEY HIGH SCHOOL and/or artist's use of HERSHEY THEATRE, which shall include, but is not limited to: (i) any breach by HERSHEY HIGH SCHOOL of this Agreement or any of HERSHEY HIGH SCHOOL warranties or representations contained herein, (ii) any acts or omissions by HERSHEY HIGH SCHOOL, artist, or their employees, agents, subcontractors, or any other person or member of the Event production, (iii) any merchandise or products distributed or sold by HERSHEY HIGH SCHOOL and/or artist, and (iv) Claims made by third parties against the HE&R Indemnities alleging that any intellectual property provided to HE&R by HERSHEY HIGH SCHOOL for use in connection with advertising and promoting the Event infringes a patent, trademark, or copyright held by such parties.
- 7.2. To the fullest extent permitted by law, HE&R shall indemnify, defend, and hold harmless HERSHEY HIGH SCHOOL, its owners, directors, officers, employees, and agents ("HERSHEY HIGH SCHOOL Indemnities") from and against any and all Claims to the extent such Claims arise out of or related to: (i) any breach by HE&R of this Agreement or any of HE&R's warranties or representations contained herein, (ii) any acts or omissions by HE&R, its employees, agents, or subcontractors, and (iii) Claims made by third parties against the HERSHEY HIGH SCHOOL Indemnities alleging that any intellectual property provided to HERSHEY HIGH SCHOOL by HE&R for use in connection with advertising and promoting the Event infringes a patent, trademark, or copyright held by such parties.
8. **INSURANCE:**
- 8.1. HERSHEY HIGH SCHOOL, at its sole cost and expense, shall carry and maintain throughout the load in and load out dates, adequate insurance to cover its obligations under this Agreement. Such insurance shall include, but is not limited to:

- (i) Commercial General Liability Insurance (including coverage for intellectual property infringement claims) for limits of not less than Three Million Dollars (\$3,000,000.00) combined single limit for each single occurrence and Five Million Dollars (\$5,000,000.00) aggregate;
- (ii) Statutory Workers' Compensation and Employer's Liability Insurance in an amount not less than One Million Dollars (\$1,000,000.00); and
- (iii) Automobile Liability Insurance with a limit of not less than One Million Dollars (\$1,000,000.00) combined and covering all owned, non-owned and hired vehicles;

Insurance must be with companies licensed to do business in the United States and have an A. M. Best's Financial Strength rating of A- VII or better. All insurance policies must be written on an occurrence policy form. HERSHEY HIGH SCHOOL shall provide HE&R with a Certificate of Insurance as evidence of the insurance required in this Paragraph. **HERSHEY HIGH SCHOOL shall name Hershey Entertainment & Resorts Company and M.S. Hershey Foundation as additional insureds on its liability.** HERSHEY HIGH SCHOOL shall give HE&R reasonable, but in no event less than thirty (30) days written notice before any cancellation, modification or material change to any policy(ies) required under this Paragraph and renewal certificates shall be provided at least ten (10) days prior to policy expiration. Neither the requirement of HERSHEY HIGH SCHOOL to carry and maintain insurance nor HE&R's acceptance of evidence of insurance will in any manner limit or qualify the liabilities and obligations assumed by HERSHEY HIGH SCHOOL under this Agreement.

9. FORCE MAJEURE EVENTS:

- 9.1. Neither party shall be held liable or responsible for any failure or delay in the performance of its obligations under this Agreement to the extent such failures or delays are caused by (i) acts of war, (ii) terrorism, (iii) civil riots, (iv) acts of government, or (v) Acts of God (including, but not limited to, floods, windstorms, and tornadoes) which make performance illegal or impossible (collectively referred to as "Force Majeure Events"). The parties expressly acknowledge that Force Majeure Events specifically exclude financial inability to perform, economic conditions, and events relating to a party's fault or negligence. Upon the occurrence of a Force Majeure Event, the parties' respective obligations hereunder will be excused fully, without any penalty, for the duration of the Force Majeure Event and each party shall bear its own costs incurred in connection with the Agreement. HERSHEY HIGH SCHOOL understands and agrees that the HE&R Indemnities shall not be responsible or liable for any loss or damage to the HERSHEY HIGH SCHOOL Property as a result of a Force Majeure Event.

10. NOTICE OF BREACH:

- 10.1. Each party agrees to give the other party prompt written notice of any alleged breach of the Agreement, including any and all riders and addenda attached thereto, together with a reasonable opportunity to respond and to cure and/or resolve the same. In the event of an uncured breach, the non-breaching party may, upon written notice, terminate the Agreement. Each Party shall have, in addition to and not in lieu of the remedies set forth herein, the right, if there is an uncured breach, to exercise all of its rights and remedies against the defaulting party, at law or in equity. All such rights and remedies may be exercised cumulatively or singly, at the sole discretion of the non-defaulting party.

11. ADVERTISING / SIGNS / POSTERS:

- 11.1. If advertising is placed by HE&R, HE&R shall receive a fifteen percent (15%) handling charge of the total amount of advertising dollars spent for the Event. If HE&R does not place any advertising, there will not be a charge.
- 11.2. If advertising is not placed by HE&R, all advertising must be submitted to HE&R for review and approval before placement.
- 11.3. HERSHEY HIGH SCHOOL agrees to use the HE&R approved HERSHEY THEATRE logo on all printed advertisements.
- 11.4. HERSHEY HIGH SCHOOL will not post or allow to be posted, any signs, cards or posters except upon such display areas as HE&R may provide. Use of such areas is a non-exclusive right. All material is subject to prior written approval of HE&R. HE&R retains the right to sell and receive advertising monies and sponsorships relating to the venue, as it deems appropriate in its sole discretion.

11.5. HERSHEY HIGH SCHOOL shall notify HE&R, in writing, of all national tour sponsors for the Event upon the execution of this Agreement. All other sponsors for the Event must be approved by HE&R and cannot conflict with any existing or future exclusive sponsorship of HE&R and/or HERSHEY THEATRE.

11.6. No stickers or materials with adhesive backing will be distributed under any circumstances.

11.7. Only decorative, securely anchored Helium balloons are permitted in HERSHEY THEATRE. Balloon removal will be an additional expense to HERSHEY HIGH SCHOOL.

12. COPYRIGHT LICENSES / PERMISSION:

12.1. HERSHEY HIGH SCHOOL represents and warrants to HE&R that all copyright or trademark protected programming/content, including but not limited to choreography, music or dramatic elements, to be presented during the Event is owned by HERSHEY HIGH SCHOOL or has been duly licensed to HERSHEY HIGH SCHOOL by the owners of all respective intellectual property, or their representatives. In addition, HERSHEY HIGH SCHOOL shall obtain, at its own expense, any licenses and pay any royalties which HERSHEY HIGH SCHOOL may owe for the sale or distribution of copyright or trademark protected material during the Event. If music is involved, HERSHEY HIGH SCHOOL agrees to pay all music license fees, such as SESAC, ASCAP, BMI and GMR fees, as necessary. In the event HERSHEY HIGH SCHOOL does not pay the applicable music license fees, HE&R will withhold such fees from the Event settlement amount and pay the appropriate performing rights organizations. HERSHEY HIGH SCHOOL further agrees to indemnify, defend, and hold harmless the HE&R Indemnities from and against any and all Claims that may arise in connection with HERSHEY HIGH SCHOOL representations, warranties, and obligations set forth in this Paragraph, including any fines, interest, or penalties assessed by third-parties.

13. ANNOUNCEMENTS:

13.1. HE&R reserves the right to make announcements during intermission, or at another pre-determined time as decided by HE&R, which would relate briefly to future events at HERSHEY THEATRE. HE&R is also entitled to make such announcements, as it may deem necessary at any time in the interest of public safety. HERSHEY HIGH SCHOOL agrees that it will cooperate and will cause artist and their employees, subcontractors, agents and all other people or members of the Event production to cooperate with the delivery of such announcements for public safety, including, but not limited to, announcements to require patrons to return to their seats.

14. SERVICES PROVIDED:

14.1. HE&R will provide at its sole cost, heating and overhead lights for ordinary use. HE&R will provide one (1) daily cleaning of all public areas prior to the Event and between performances for Events with more than one (1) performance on a single day. Available dressing rooms and production offices will be provided as part of the normal rental fee.

14.2. All additional or special services, including, but not limited to, technical staff, set-up of temporary floor chairs, erection of stage, rigging, barriers, stagehands, or equipment rental requested by HERSHEY HIGH SCHOOL shall be mutually agreed upon and paid for by HERSHEY HIGH SCHOOL at the published rates on the Event Estimate.

15. PUBLIC SAFETY:

15.1. HERSHEY HIGH SCHOOL agrees that at all times it will conduct its activities with full regard to public safety, and will observe and abide by all applicable laws, rules, and regulations and requests by duly authorized governmental agencies responsible for public safety and with HE&R to assure such safety.

15.2. All portions of the sidewalks, entries, doors, passages, vestibules, halls, corridors, stairways, passageways, and all ways of access to public utilities of the premises shall be kept unobstructed by HERSHEY HIGH SCHOOL and shall not be used for any purpose other than ingress or egress to and from the premises by HERSHEY HIGH SCHOOL, unless prior written permission is obtained from HE&R.

15.3. Loading doors are for loading and unloading only. HERSHEY HIGH SCHOOL shall not permit, or be permitted, to use the loading door as a form of egress for performers or patrons.

15.4. HERSHEY HIGH SCHOOL agrees not to bring onto the premises any material, substances, equipment or object which is likely to endanger the life of, or cause bodily injury to, any person on the premises or which is likely to constitute a hazard to property thereon, including, but not limited to, pyrotechnic displays, without the prior written approval of HE&R, which may be withheld or conditioned in HE&R's sole discretion. All material brought in must meet Fire Department and local regulations, and it will be the sole responsibility of HERSHEY HIGH SCHOOL to obtain approval of such material from the jurisdiction having authority.

15.5. Theatre opens sixty (60) minutes prior to show; seating opens thirty (30) minutes prior to show. In order to ensure the safety of its guests and to allow for an adequate amount of time to perform necessary security measures, Hershey Theatre will open the house at least 30 minutes prior to the curtain. No exceptions will be made. HERSHEY HIGH SCHOOL agrees that they will not interfere with any Hershey Theatre security measures and, if necessary, agree to hold the curtain a reasonable amount of time after the designated performance time to allow for such security measures to be completed.

16. PERFORMANCE APPROVAL:

16.1. HE&R retains the right to approve the performance, exhibition, or entertainment to be offered pursuant to this Agreement and HERSHEY HIGH SCHOOL agrees that no such activity or part thereof shall be given or held if HE&R delivers to HERSHEY HIGH SCHOOL written objection on the grounds the activity violates criminal statutes, fails to uphold event advertising claims, or violates content restriction imposed by HE&R in good faith.

17. COMPLIANCE WITH LAWS AND REGULATIONS:

17.1. HERSHEY HIGH SCHOOL agrees to comply with all applicable laws, ordinances (including, but not limited to the Derry Township Transient Retail Business Ordinance, if applicable), rules, and regulations adopted or established by federal, state, or local governmental agencies or bodies and with all HERSHEY THEATRE rules and regulations.

18. ASSIGNMENT:

18.1. HERSHEY HIGH SCHOOL shall not encumber or assign this Agreement or any part thereof or sublet HERSHEY THEATRE or any portion thereof, without the prior written consent of HE&R, which may be withheld or conditioned in its sole discretion.

19. STATUS OF PARTIES:

19.1. The relationship of the parties shall be that of landlord and tenant and nothing herein shall be construed to make HE&R and HERSHEY HIGH SCHOOL partners or joint venturers.

20. BINDING EFFECT:

20.1. This Agreement becomes null and void if not signed and returned within sixty (60) days of issue date or thirty (30) days before Event date, whichever occurs first. If a signed copy of this Agreement is not received by such dates, the Event date(s) will be released and become available for other events.

20.2. This Agreement shall be binding on the parties and their respective successors and assigns.

21. GOVERNING LAW / VENUE:

21.1. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. The parties hereto consent and agree that all legal proceedings relating to the subject matter of this Agreement shall be maintained in the Court of Common Pleas of Dauphin County, Pennsylvania, or, if applicable, the United States District Court for the Middle District of Pennsylvania (Harrisburg division), and both parties consent and agree that jurisdiction and venue for such proceedings shall lie exclusively with such courts.

22. SEVERABILITY / NO WAIVER:

22.1. The provisions of this Agreement are severable, and should any provision thereof be determined to be invalid, that shall not set aside any other provision of this Agreement.

22.2. No waiver by either party of a breach or default under this Agreement shall be deemed a waiver by such party of a subsequent breach or default of like or similar nature.

23. SURVIVAL:

23.1. The obligations of the parties set forth in this Agreement that by their terms extend beyond or survive the termination or expiration of the term of this Agreement shall not be affected or diminished in any way by the termination or expiration of the Event or this Agreement.

24. ENTIRE AGREEMENT:

24.1. This Agreement represents the entire understanding between the parties and supersedes all previous representations, understandings, or agreements, oral or written, between the parties with respect to this subject matter and cannot be modified except by a written instrument signed by both parties.

24.2. The parties agree that receipt by fax or email of this Agreement signed by the other party is legally binding and such fax or email copy is legally equivalent to the original for any and all purposes, including litigation. This Paragraph does not apply if the fax or email copy of the Agreement is not legible and easily readable.

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed this instrument as of the date of the last signature below.

HERSHEY ENTERTAINMENT & RESORTS
COMPANY, as agent for M.S. HERSHEY
FOUNDATION

DocuSigned by:

Vikki Hultquist

A6ED12942B1B44E...

Name: Vikki Hultquist

Title: GM, Attractions & Entertainment

Date: February 12, 2020

HERSHEY HIGH SCHOOL
717-534-2501

Joseph McFarland

Name: Joseph McFarland

Title: Superintendent -
Derry Township School District

Date: 2/10/2020

DN -

Millersville University of Pennsylvania Internship Affiliation Agreement

This agreement establishes the relationship between Millersville University of Pennsylvania (referred to as the "University"), an educational institution in the State System of Higher Education, Commonwealth of Pennsylvania and Derry Township School District, PO Box 898, Hershey High School, Hershey PA 17033 (referred to as the "Organization"). The University offers degree programs in a wide variety of disciplines, which are academically enhanced by practical experiences outside of the traditional classroom setting. For this agreement the Organization shall provide practical experience pursuant to the terms of this agreement and serve as an internship site offering facilities, resources, and supervision to University students. Both parties agree to the following:

I. Duties and Responsibilities of the University

1. The University will be responsible for internships that are conducted during a regular academic semester(s) or scheduled summer term(s). The University and the organization agree to schedule the internship hours to mutually benefit all parties involved and to conform to the scheduling formula of a minimum of 120 hours to 450 hours for 12 to 15 weeks; based on the minimum hours required by the University student's major or minor department to earn academic credits for the experience.
2. The University shall certify eligibility for University students registering internships for academic credit. Approved students will have the appropriate educational background and skills consistent with the advertised internship and departmental requirements for participation.
3. The University determines the amount of academic credit to be earned through the internship and establishes all academic requirements that the University student must meet to earn the credit. The University establishes a grading system and criteria to earn the grade upon completion of the internship.
4. The University will assign a faculty member to monitor and evaluate the student's performance during the internship. The University will assume all costs associated with faculty supervision of the University student intern.
5. The University, at the beginning of the internship term, will provide the Organization with all evaluation materials and the expected timeline for submission.
6. The University agrees to advise students of any known policies, procedures, and requirements of the internship as specified by the Organization.
7. The University, at the beginning of the internship term, will inform the Organization of course requirements such as the intern's attendance at meetings/seminars or activities that may take the intern away from the assignment.
8. The University may request termination of the internship placement for any student not complying with University guidelines and procedures for the internship program, as long as the Organization has been notified in advance.
9. The Organization understands that as an Agency of the Commonwealth, the University is prohibited from purchasing insurance. As a public university and state instrumentality there is no statutory authority to purchase insurance and it does not possess insurance documentation. Instead, it participates in the Commonwealth's Tort Claims Self-Insurance program administered by the Bureau of Risk and Insurance Management of the Pennsylvania Department of General Services. This program covers Commonwealth/University-owned property, employees and officials acting within the scope of their employment, and claims arising out of the University's performance under this Agreement, subject to the provisions of the Tort Claims Act, 42 Pa.C.S.A. §§8521, et seq.
10. The University shall ensure that all students placed at the Organization are aware of their obligations under the Family Educational Rights and Privacy Act of 1974, as amended (20 U.S.C. 1232g; 34 C.F.R. Part 99) to

Millersville University of Pennsylvania Internship Affiliation Agreement

maintain confidentiality of pupil educational records of the Organization.

11. All University students placed with the Organization shall comply with the policies, procedures, handbooks and directives of the Board of School Directors and Administration of the Organization.

II. Duties and Responsibilities of the Organization

1. The Organization agrees to prepare an internship job description that outlines the duties and responsibilities of the intern. The University will use this document to determine the suitability of the internship for academic credit. Should changes to the job description be necessary after the internship is approved, the Organization agrees to notify the University of such changes.
2. The Organization agrees to notify the University of all selection criteria and any requirements of the selection process including but not limited to background investigations, drug testing, health screenings etc.
3. The Organization selects interns based on the Organization's needs and preferences.
4. The Organization determines the schedule that the intern will maintain on premises. The total scheduled hours will comply with standards established by the University for the award of credit hours. The minimum internship is 120 to 450 hours for a semester or summer term based on the student's major or minor.
5. No Entitlement to Benefits. The University acknowledges and agrees that students placed with the Organization pursuant to this agreement shall not be considered, nor shall they ever become during the term of their placement with the Organization by the University, employees of the Organization. Under no circumstances shall University students be entitled to any right, compensation or employee benefit of any kind whatsoever from the Organization. University acknowledges and agrees that it shall inform students accordingly prior to their placement with the Organization.
6. The Organization agrees to provide suitable workspace and resources for the intern to complete the internship assignment. The Organization will also provide orientation, training, supervision and evaluation of the intern.
7. The Organization shall provide all reasonable information requested by the University on a student's internship performance. If there are any student evaluations, they will be completed and returned according to any reasonable schedule agreed to by the University and the Organization.
8. The Organization agrees to make every possible accommodation to the University's request for a faculty site visit during the internship. The Organization also agrees to allow the intern to attend university required internship meetings/seminars during the internship.
9. Organization shall report any incident in which a student is the victim of sexual assault, dating violence, domestic violence, stalking or sexual harassment to the University Title IX Coordinator, Elizabeth Swantek, Elizabeth.Swantek@millersville.edu 717-871-4100. The Organization shall identify resources, such as medical care and counselling, that may be available to any student who has been the victim of sexual assault, dating violence, domestic violence or stalking.
10. The Organization agrees to cooperate with the University in any investigation of an allegation of discrimination and to report to the University any known incident in which the University student is the victim of sexual assault dating violence, stalking or sexual harassment.
11. Removal of Noncompliant Student. The Organization shall have the authority to immediately remove a student whose conduct or work with others is inconsistent with the policies and procedures of the Organization, whose conduct or actions is detrimental to the mission of the Organization, or who otherwise fails to comply with Organization policies, procedures or directives from Organization personnel. If such a removal occurs, the Organization will immediately contact the responsible University Faculty Supervisor.

Millersville University of Pennsylvania Internship Affiliation Agreement

Notwithstanding the foregoing or any other provision of this Agreement, the Organization reserves the right to refuse placement of any student for any lawful, nondiscriminatory reason whatsoever.

III. Mutual Terms and Conditions

1. This Agreement will last for 5 years from the date of the final signature below. The University or the Organization may terminate this Agreement with or without cause for any reason by providing ninety (90) days advance written notice to the other party. Either party may immediately terminate this Agreement in the event of a substantial breach. However, should the Organization terminate this Agreement prior to the completion of an academic semester, all students enrolled at that time may continue their educational experience until it would have been concluded absent the termination, subject, however, to the Organization's ability to immediately remove a noncompliant student consistent with Paragraph 11, above.
2. The parties agree to continue their respective policies of nondiscrimination based on Title VI of the Civil Rights Act of 1964 in regard to sex, age, race, color, creed, national origin, Title IX of the Education Amendments of 1972 and other applicable laws, as well as the provisions of the Americans with Disabilities Act.
3. The laws of the Commonwealth of Pennsylvania shall govern this Agreement.
4. The relationship between the parties to this Agreement to each other is that of independent contractors. The relationship of the parties to this contract to each other shall not be construed to constitute a partnership, joint venture or any other relationship, other than that of independent contractors.
5. Neither of the parties shall assume any liabilities to each other. As to liability to each other or death to persons, or damages to property, the parties do not waive any defense as a result of entering into this contract. This provision shall not be construed to limit the Commonwealth's rights, claims or defenses which arise as a matter of law pursuant to any provisions of this contract. This provision shall not be construed to limit the sovereign immunity of the Commonwealth or of the State System of Higher Education or the University. Except as otherwise provided in this Agreement, under no circumstance shall either party be liable to the other party for consequential, indirect or punitive damages or specific performance arising from a breach of this Agreement. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be deemed a direct or indirect waiver of or limitation to any sovereign or governmental immunity, in any respect, applicable to either party (including, without limitation, under the Pennsylvania Political Subdivision Tort Claims Act), or impose liability, directly or indirectly, on either party from which it would otherwise be immune under applicable law.
6. This Agreement represents the entire understanding between the parties. This Agreement shall only be modified in writing with the same formality as the original Agreement.

**Millersville University of Pennsylvania
Internship Affiliation Agreement**

The authorized representatives of the parties have executed this Agreement as of the date indicated below.

Millersville University of Pennsylvania

Authorized Signature

Vilas A. Prabhu, Provost & VP
for Academic Affairs

EFFECTIVE DATE OF AGREEMENT: (date of last
signature)

____/____/____

Derry Township School District

Tricia Steiner

Authorized Signature

Tricia Steiner

Print

Name

Vice-President of the Board of Directors

Print Title

Approved by PASSHE Legal Counsel 1/31/20

Modified August 2019



educational excellence through leadership, partnership, and innovation

OPERATION AND MAINTENANCE AGREEMENT FOR DISTRICT CLASSROOM SPACE – EI, PRESCHOOL

This agreement for the operation and maintenance of the facilities identified below is entered into between the **Derry Township School District** ("*District*"), and the **Capital Area Intermediate Unit** ("*Intermediate Unit*").

The *District*, in consideration of the payment hereinafter mentioned, intends to operate and maintain space for use by the *Intermediate Unit* for instructional purposes in the Early Intervention (EI) preschool program, in the location(s) listed below:

<u>BUILDING LOCATION</u>	<u># OF CLASSROOMS</u>	<u>TYPE OF PROGRAM</u>
Hershey Primary Elementary	1	EI, Preschool

These classrooms shall be equipped with basic furniture for both pupils and teachers, and shall be operated and maintained by the *District* in the same manner as it maintains regular district classrooms including, but not limited to, cleaning of bathrooms and classrooms, emptying trash on a regular basis, and regular maintenance and upkeep. In addition, all utilities shall be provided and paid for by the *District*.

The term of this Operation and Maintenance Agreement is for one (1) year for the period of July 1, 2019 to June 30, 2020 ("*contract year*"). *District* shall notify *Intermediate Unit* of any building closings during the agreement year within one half hour (1/2 hour) of making the decision to close. If the *Intermediate Unit* intends not to renew this agreement for an additional year, the *Intermediate Unit* shall notify the *District* in writing on or before June 1 of the current contract year. If the *District* intends not to continue this contract, the *District* shall so notify the *Intermediate Unit* in writing prior to March 1 of the year in which the agreement would otherwise terminate.

The *Intermediate Unit* Program Supervisor will create and review a Building Agreement with the *District* Principal on an annual basis. The purpose of the Building Agreement is to operationalize the day-to-day procedures, practices, and communications between the *Intermediate Unit* and the *District*.

All notifications to the *District* must be made to Joe McFarland at the following address: PO Box 898 Hershey PA 17033; email address: JMcFarland@hershey.k12.pa.us

All notifications to the *Intermediate Unit* must be made in writing to Alicia M. McDonald, Director of Student Services, at the following address: CAIU Enola Office, 55 Miller Street, Enola, PA 17025-1640; email address: amcdonald@caiu.org.

For purposes of this agreement an email between two individuals above-listed shall satisfy the requirement for notification in writing. It is further agreed that the *Intermediate Unit* shall pay to the *District* for each classroom provided, equipped and maintained as indicated above, the sum of \$3,500 for a total of \$3,500. This amount shall be paid during March of the *contract year*.

The *District* and the *Intermediate Unit* mutually agree that neither one shall be liable to the other for any loss or damage that may be sustained by either one of them whether or not due to the negligence of either, and each party waives the right to recovery against the other for any such loss or damage that may occur during the term of the Operation and Maintenance Agreement or any extension or renewal thereof.

In the event a student served by the *Intermediate Unit* in a *District* classroom is responsible for having caused physical damage to *District* property, the *District* shall bill the *Intermediate Unit* the cost of repairs only, with no markup for profit, lost time, or the like.

The terms and conditions of this agreement shall not be changed or altered except by a writing signed by an authorized representative of each party at the time of such change.

Each party, as indicated by the signatures of their authorized representatives below, hereby accepts this agreement in its entirety.

Date: 2/10/20 By: Tricia Steiner
DERRY TOWNSHIP SCHOOL DISTRICT
Name: Tricia Steiner
Title: Vice President

Date: _____ By: Andria Saia
CAPITAL AREA INTERMEDIATE UNIT
Dr. Andria Saia
Executive Director

**DERRY TOWNSHIP
SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2019

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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, 2019, 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, 2019, 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 Schedule of Expenditures of Federal Awards 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019, 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 cursive script that reads "Boyer & Fitter".

Camp Hill, Pennsylvania
December 24, 2019

**DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
Year-Ended June 30, 2019**

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, 2019 and 2018. 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 June 30, 2019 and 2018, the value of this fund was \$43,732,076 and \$43,892,352, 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, \$850,000 and \$2,494,887 was transferred as of June 30, 2019 and 2018, respectively.

**DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
Year-Ended June 30, 2019**

The accompanying Fund Balance Review, on page 6, summarizes General Fund activity for the current and prior year. Unassigned Fund Balance increased by \$229,780 and \$38,165 for the years ended June 30, 2019 and 2018, 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 \$2,384,692 and \$500,000, respectively, for both years ended June 30, 2019 and 2018.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018
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
Fund Balance - 6/30/17	\$ 167,507	\$ 450,711	\$ 2,384,692	\$ 500,000	\$ 5,025,835	\$ 8,528,745	\$ 5,475,099	\$ 42,407,431
2017-2018 Activity								
Increase (Decrease)	(3,413)	(120,577)	-	-	38,165	(85,825)	1,322,077	1,484,921
Fund Balance - 6/30/18	164,094	330,134	2,384,692	500,000	5,064,000	\$ 8,442,920	6,797,176	43,892,352
2018-2019 Activity								
Increase (Decrease)	(4,916)	(61,238)	-	-	229,780	161,606	3,750,341	(160,276)
Fund Balance - 6/30/19	\$ 159,158	\$ 266,896	\$ 2,384,692	\$ 500,000	\$ 5,293,780	\$ 8,604,526	\$ 10,547,517	\$ 43,732,076

2018-2019 revenues from all sources, local, state, federal and other exceeded budgeted revenues by \$776,317, or about 1.2%. Unanticipated revenue from earned income tax, real estate transfer tax collection and a one-time payment received from PPL Electric Company was the reason actual revenues exceeded budgeted revenues from local sources.

2018-2019 actual expenditures exceeded budget expenditures by \$130,596, including \$850,000 transferred to the Capital Reserve Fund in accordance with Policy 625 noted above. Positive budget variances for both revenues and expenditures were the reasons the District was able to make the transfer into the Capital Reserve Fund; the most significant variances are shown in the Spending Review on page 11.

**DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
Year-ended June 30, 2019**

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 Funds 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 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, 2019

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, 2019 AND 2018
STATEMENT OF NET POSITION

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows						
Current and Other Assets	\$ 70,750,312	\$ 732,965	\$ 71,483,277	\$ 69,933,393	\$ 101,514	\$ 70,034,907
Capital Assets	76,561,103	366,748	76,927,851	79,920,831	394,419	80,315,250
Deferred Outflow of Resources	16,479,095	363,240	16,842,335	18,283,435	387,755	18,671,190
Total Assets and deferred outflows	<u>\$ 163,790,510</u>	<u>\$ 1,462,953</u>	<u>\$ 165,253,463</u>	<u>\$ 168,137,659</u>	<u>\$ 883,688</u>	<u>\$ 169,021,347</u>
Liabilities and Deferred Inflows						
Current Liabilities	\$ 11,827,918	\$ 93,395	\$ 11,921,313	\$ 14,825,242	\$ (332,750)	\$ 14,492,492
Non-Current Liabilities	139,642,286	2,536,948	142,179,234	141,788,714	2,397,507	144,186,221
Deferred Inflows of Resources	2,712,493	62,942	2,775,435	992,550	21,324	1,013,874
Total Liabilities and deferred inflows	<u>\$ 154,182,697</u>	<u>\$ 2,693,285</u>	<u>\$ 156,875,982</u>	<u>\$ 157,606,506</u>	<u>\$ 2,086,081</u>	<u>\$ 159,692,587</u>
Net Position:						
Net investment in capital assets	\$ 47,672,912	\$ 366,748	\$ 48,039,660	\$ 46,927,377	\$ 394,419	\$ 47,321,796
Restricted	51,170,920	-	51,170,920	50,689,528	-	50,689,528
Unrestricted	(89,236,019)	(1,597,080)	(90,833,099)	(87,085,752)	(1,596,812)	(88,682,564)
Total Net Position	<u>\$ 9,607,813</u>	<u>\$ (1,230,332)</u>	<u>\$ 8,377,481</u>	<u>\$ 10,531,153</u>	<u>\$ (1,202,393)</u>	<u>\$ 9,328,760</u>

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2019 AND 2018
STATEMENT OF ACTIVITIES

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$ 622,552	\$ 1,910,684	\$ 2,533,236	\$ 536,533	\$ 2,083,720	\$ 2,620,253
Operating Grants and Contributions	12,467,591	535,243	13,002,834	12,174,075	501,596	12,675,671
Total Program Revenues:	13,090,143	2,465,927	15,556,070	12,710,608	2,585,316	15,295,924
General Revenues, Transfers and Special Item:						
Property Taxes	38,254,582	-	38,254,582	37,072,880	-	37,072,880
Act 511 Taxes	9,628,995	-	9,628,995	9,372,547	-	9,372,547
State Property Tax Relief	668,677	-	668,677	671,338	-	671,338
Investment Earnings	1,947,187	2,447	1,949,634	3,560,703	-	3,560,703
Miscellaneous	370,508	25,429	395,937	684,729	-	684,729
Gain on Disposal of Fixed Assets	28,891	-	28,891	14,659	-	14,659
Transfers	(43,217)	43,217	-	(85,183)	85,183	-
Special item - LEA joint venture buy-in	-	-	-	590,729	-	590,729
Total General Revenues, Transfers and Special Item:	50,855,623	71,093	50,926,716	51,882,402	85,183	51,967,585
Total Revenues:	63,945,766	2,537,020	66,482,786	64,593,010	2,670,499	67,263,509
Expenses:						
Program Expenses:						
Instruction	39,724,710	-	39,724,710	38,527,749	-	38,527,749
Instructional student support	6,098,660	-	6,098,660	5,846,967	-	5,846,967
Administrative and financial support services	7,397,282	-	7,397,282	7,483,551	-	7,483,551
Operation and maintenance of plant services	6,092,029	-	6,092,029	5,878,732	-	5,878,732
Pupil transportation	2,943,783	-	2,943,783	3,125,478	-	3,125,478
Student activities	1,870,402	-	1,870,402	1,706,532	-	1,706,532
Community services	10,010	-	10,010	8,264	-	8,264
Food Service	-	2,082,502	2,082,502	-	1,880,905	1,880,905
Granada Project	-	482,457	482,457	-	759,954	759,954
Total Program Expenses:	64,136,878	2,564,959	66,701,837	62,577,273	2,640,859	65,218,132
Interest and Fiscal Charges	732,228	-	732,228	893,870	-	893,870
Unallocated Depreciation Expense	-	-	-	-	-	-
Total Expenses	64,869,106	2,564,959	67,434,065	63,471,143	2,640,859	66,112,002
Increase (Decrease) in Net Position	(923,340)	(27,939)	(951,279)	1,121,867	29,640	1,151,507
Net Position - Beginning (as previously reported)	10,531,153	(1,202,393)	9,328,760	17,655,230	(948,863)	16,706,367
Prior Period Adjustment	-	-	-	(8,245,944)	(283,170)	(8,529,114)
Net Position - Beginning (as restated)	10,531,153	(1,202,393)	9,328,760	9,409,286	(1,232,033)	8,177,253
Net Position - Ending	\$ 9,607,813	\$ (1,230,332)	\$ 8,377,481	\$ 10,331,133	\$ (1,202,393)	\$ 9,328,760

**DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
Year-ended June 30, 2019**

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 2018-2019 is shown in the review below:

DERRY TOWNSHIP SCHOOL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDED JUNE 30, 2019 GENERAL FUND SPENDING REVIEW				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original Budget	Final Budget		
REVENUES				
6000 Local Sources	\$ 48,604,982	\$ 48,604,982	\$ 49,505,861	\$ 900,879
7000 State Sources	12,024,657	12,024,657	11,734,780	(289,877)
8000 Federal Sources	844,000	844,000	972,317	128,317
9000 Other Financing Sources	1,817,286	1,817,286	1,854,284	36,998
Total Revenues	63,290,925	63,290,925	64,067,242	776,317
EXPENDITURES				
1100 Regular Programs	26,074,839	26,062,359	25,044,654	1,017,705
1200 Special Programs	7,692,365	7,694,300	8,132,837	(438,537)
1300 Vocational Programs	1,421,336	1,421,336	1,330,454	90,882
1400 Other Instructional Programs	122,402	122,402	140,336	(17,934)
1700 Community College	222,857	222,857	189,040	33,817
2100 Pupil Personnel	2,121,827	2,118,392	1,957,683	160,709
2200 Instructional Staff Services	2,307,087	2,312,437	2,477,650	(165,213)
2300 Administrative Services	4,300,027	4,308,157	3,996,902	311,255
2400 Pupil Health	886,421	886,421	1,006,366	(119,945)
2500 Business Services	906,294	906,294	812,234	94,060
2600 Plant Operation & Maintenance	5,583,169	5,583,169	5,683,034	(99,865)
2700 Pupil Transportation	3,009,746	3,009,746	2,495,739	514,007
2800 Central	1,836,252	1,836,252	1,767,404	68,848
2900 Other Support Services	51,512	51,512	51,596	(84)
3200 Student Activities	1,556,746	1,557,246	1,668,020	(110,774)
3300 Community Services	9,379	9,379	8,955	424
5110 Debt Service	285,750	285,750	553,041	(267,291)
5120 Refund of Prior Years Receipts	-	-	68,953	(68,953)
5200 Interfund Transfers	5,648,223	5,648,223	6,520,718	(872,495)
Total Expenditures	64,036,232	64,036,232	63,905,636	130,596
CHANGE IN FUND BALANCE	\$ (745,307)	\$ (745,307)	\$ 161,606	\$ 906,913

As noted earlier, 2018-2019 actual revenues exceeded budgeted revenues by \$776,317. The most significant positive revenue variances were collections of earned income tax, delinquent real estate tax, real estate transfer tax, increase in federal subsidy and a one-time payment received from the Harrisburg City School District.

2018-2019 actual expenditures were less than budgeted expenditures by \$130,596, not including a \$850,000 transfer to the Capital Reserve Fund. The most significant favorable expenditure variances were the salary and benefits (\$1,017,705) for regular programs.

**DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
Year-ended June 30, 2019**

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, 2019 AND 2018
CAPITAL ASSETS (NET OF DEPRECIATION)

	2019			2018		
	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	361,555	-	361,555	121,452	-	121,452
Site improvements	4,547,348	-	4,547,348	5,066,769	-	5,066,769
Building and building improvements	66,689,445	-	66,689,445	69,323,417	-	69,323,417
Furniture and equipment	3,915,481	366,748	4,282,229	4,361,919	394,419	4,756,338
	<u>\$ 76,561,103</u>	<u>\$ 366,748</u>	<u>\$ 76,927,851</u>	<u>\$ 79,920,831</u>	<u>\$ 394,419</u>	<u>\$ 80,315,250</u>

**DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
Year-ended June 30, 2019**

Debt

During 2018-2019 the District issued General Obligation Notes Series A and Series B 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%

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

Contacting the District 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 21,328,517	\$ 507,805	\$ 21,836,322
Taxes receivable - net of allowance	602,113	-	602,113
Due from other governments	4,504,861	7,958	4,512,819
Other receivables	156,691	140,342	297,033
Inventories	146,971	75,298	222,269
Prepaid expenditures	12,187	1,562	13,749
Note receivable - Township of Derry	64,015	-	64,015
Total current assets	26,815,355	732,965	27,548,320
Noncurrent Assets			
Land	1,047,274	-	1,047,274
Construction-in-progress	361,555	-	361,555
Site improvements - net of accum. depreciation	4,547,348	-	4,547,348
Buildings and improvements - net of accum. depreciation	66,689,445	-	66,689,445
Furniture and equipment - net of accum. depreciation	3,915,481	366,748	4,282,229
Note receivable - Township of Derry	202,881	-	202,881
Beneficial interest in perpetual trust	43,732,076	-	43,732,076
Total noncurrent assets	120,496,060	366,748	120,862,808
 Total assets	 \$ 147,311,415	 \$ 1,099,713	 \$ 148,411,128
 Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 15,436,075	\$ 347,232	\$ 15,783,307
Deferred amounts on OPEB liabilities	707,188	16,008	723,196
Deferred amounts related to refunding debt	335,832	-	335,832
Total deferred outflows of resources	\$ 16,479,095	\$ 363,240	\$ 16,842,335
 Total assets and deferred outflows of resources	 \$ 163,790,510	 \$ 1,462,953	 \$ 165,253,463

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Totals
Liabilities			
Current Liabilities			
Internal balances	\$ 174,587	\$ (174,587)	\$ -
Accounts payable	1,509,060	183,461	1,692,521
Accrued salaries and benefits	5,351,103	7,441	5,358,544
Payroll deductions and withholdings	311,735	-	311,735
Unearned revenue	11,299	77,080	88,379
Current portion of long-term liabilities	4,309,778	-	4,309,778
Accrued interest payable	160,356	-	160,356
Total current liabilities	<u>11,827,918</u>	<u>93,395</u>	<u>11,921,313</u>
Noncurrent Liabilities			
Net pension liability	96,574,000	2,172,000	98,746,000
General obligation bonds	25,503,805	-	25,503,805
Authority lease obligations	2,786,009	-	2,786,009
Accrued compensated absences	1,421,921	55,272	1,477,193
Other postemployment benefits payable	13,356,551	309,676	13,666,227
Total noncurrent liabilities	<u>139,642,286</u>	<u>2,536,948</u>	<u>142,179,234</u>
Total liabilities	<u>\$ 151,470,204</u>	<u>\$ 2,630,343</u>	<u>\$ 154,100,547</u>
Deferred Inflows of Resources			
Deferred amounts on pension liability	\$ 1,494,000	\$ 34,000	\$ 1,528,000
Deferred amounts on OPEB liabilities	1,218,493	28,942	1,247,435
Total deferred inflows of resources	<u>\$ 2,712,493</u>	<u>\$ 62,942</u>	<u>\$ 2,775,435</u>
Net Position			
Net investment in capital assets	\$ 47,672,912	\$ 366,748	\$ 48,039,660
Restricted	51,170,920	-	51,170,920
Unrestricted	(89,236,019)	(1,597,080)	(90,833,099)
Total net position	<u>\$ 9,607,813</u>	<u>\$ (1,230,332)</u>	<u>\$ 8,377,481</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 163,790,510</u>	<u>\$ 1,462,953</u>	<u>\$ 165,253,463</u>

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

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	
Governmental Activities:						
Instruction	\$ 39,724,710	\$ 491,635	\$ 9,637,684	\$ (29,595,391)	\$ -	\$ (29,595,391)
Instructional student support	6,098,660	-	762,159	(5,336,501)	-	(5,336,501)
Administrative and financial support services	7,397,282	-	605,478	(6,791,804)	-	(6,791,804)
Operation and maintenance of plant services	6,092,029	28,040	429,321	(5,634,668)	-	(5,634,668)
Pupil transportation	2,943,785	-	621,852	(2,321,933)	-	(2,321,933)
Student activities	1,870,402	102,877	164,149	(1,603,376)	-	(1,603,376)
Community services	10,010	-	1,152	(8,858)	-	(8,858)
Debt service	732,228	-	245,796	(486,432)	-	(486,432)
Total governmental activities	64,869,106	622,552	12,467,591	(51,778,963)	-	(51,778,963)
Business-type Activities:						
Food Service	2,082,502	1,135,766	535,243	-	(411,493)	(411,493)
Granada Project	482,457	794,918	-	-	312,461	312,461
Total business-type activities	2,564,959	1,930,684	535,243	-	(99,032)	(99,032)
Total primary government	\$ 67,434,065	\$ 2,553,236	\$ 13,002,834	\$ (51,778,963)	\$ (99,032)	\$ (51,877,995)
General Revenues and Transfers:						
Property taxes, levied for general purposes				\$ 38,254,582	\$ -	\$ 38,254,582
Act 511 taxes, levied for general purposes				9,628,995	-	9,628,995
State property tax relief allocation				668,677	-	668,677
Investment earnings				1,947,187	2,447	1,949,634
Gain on disposition of fixed assets				28,891	-	28,891
Miscellaneous income				370,508	25,429	395,937
Transfers				(43,217)	43,217	-
Total general revenues and transfers				50,855,623	71,093	50,926,716
Changes in net position				(923,340)	(27,939)	(951,279)
Net Position - July 1, 2018				10,531,153	(1,202,393)	9,328,760
Net Position - June 30, 2019				\$ 9,607,813	\$ (1,230,332)	\$ 8,377,481

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	Major Funds			Totals
	General Fund	Capital Projects Fund	Permanent Fund	Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,438,115	\$ 9,890,402	\$ -	\$ 21,328,517
Taxes receivable - net of allowance	602,113	-	-	602,113
Due from other funds	62,384	858,451	-	920,835
Due from other governments	4,504,861	-	-	4,504,861
Other receivables	42,021	51,575	-	93,596
Inventories	146,971	-	-	146,971
Prepaid expense	12,187	-	-	12,187
Note receivable - Township of Derry	266,896	-	-	266,896
Beneficial interest in perpetual trust	-	-	43,732,076	43,732,076
Total assets	\$ 17,075,548	\$ 10,800,428	\$ 43,732,076	\$ 71,608,052
Liabilities				
Due to other funds	\$ 1,033,038	\$ -	\$ -	\$ 1,033,038
Accounts payable	1,256,149	252,911	-	1,509,060
Accrued salaries and benefits	5,351,103	-	-	5,351,103
Payroll deductions and withholdings	311,735	-	-	311,735
Unearned revenue	11,299	-	-	11,299
Total liabilities	7,963,324	252,911	-	8,216,235
Deferred Inflows of Resources				
Delinquent property taxes	507,698	-	-	507,698
Fund Balances				
Nonspendable	426,054	-	43,732,076	44,158,130
Restricted	-	10,547,517	-	10,547,517
Committed	2,884,692	-	-	2,884,692
Unassigned	5,293,780	-	-	5,293,780
Total fund balances	8,604,526	10,547,517	43,732,076	62,884,119
Total liabilities, deferred inflows of resources and fund balances	\$ 17,075,548	\$ 10,800,428	\$ 43,732,076	\$ 71,608,052

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019**

Total fund balances - governmental funds		\$ 62,884,119
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 \$156,825,758, and the accumulated depreciation is \$80,264,655.		76,561,103
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.		507,698
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		15,436,075
Deferred inflows of resources		(1,494,000)
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		707,188
Deferred inflows of resources		(1,218,493)
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.		711
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	(29,368,805)	
Deferred amount on refunding of debt	335,832	
Accrued interest payable	(160,356)	
Authority lease obligations	(2,963,771)	
Other lease purchase obligations	(267,016)	
Net pension liability	(96,574,000)	
OPEB liabilities	(13,356,551)	
Accumulated compensated absences	(1,421,921)	(143,776,588)
Total net position - governmental activities		\$ 9,607,813

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Major Funds				Totals
	General Fund	Capital Projects Fund	Permanent Fund	Debt Service Funds	Governmental Funds
Revenues					
Local sources	\$ 49,505,861	\$ 41,522	\$ 1,657,008	\$ -	\$ 51,204,391
State sources	11,734,780	-	-	-	11,734,780
Federal sources	972,317	-	-	-	972,317
Total revenues	62,212,958	41,522	1,657,008	-	63,911,488
Expenditures					
Instructional	34,837,321	-	-	-	34,837,321
Support services	20,248,628	1,261,136	-	-	21,509,764
Operation of noninstructional services	1,676,975	-	-	-	1,676,975
Refund of prior years' receipts	68,953	-	-	-	68,953
Debt service	553,041	-	-	4,627,501	5,180,542
Total expenditures	57,384,918	1,261,136	-	4,627,501	63,273,555
Excess (deficiency) of revenues over expenditures	4,828,040	(1,219,614)	1,657,008	(4,627,501)	637,933
Other Financing Sources (Uses)					
Sale of capital assets	37,000	-	-	-	37,000
Interfund transfers in	1,817,284	1,850,000	-	4,627,501	8,294,785
Interfund transfers out	(6,520,718)	-	(1,817,284)	-	(8,338,002)
Issuance of general obligation notes	-	3,055,000	-	-	3,055,000
Issuance of refunding debt	-	1,810,000	-	-	1,810,000
Bond premiums	-	149,955	-	-	149,955
Payments to refunded debt escrow agent	-	(1,895,000)	-	-	(1,895,000)
Total other financing sources (uses)	(4,666,434)	4,969,955	(1,817,284)	4,627,501	3,113,738
Net changes in fund balances	161,606	3,750,341	(160,276)	-	3,751,671
Fund Balance - July 1, 2018	8,442,920	6,797,176	43,892,352	-	59,132,448
Fund Balance - June 30, 2019	\$ 8,604,526	\$ 10,547,517	\$ 43,732,076	\$ -	\$ 62,884,119

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, 2019**

Net changes in fund balances - governmental funds		\$ 3,751,671
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	1,419,414	
Less net book value of disposed assets	(8,109)	
Less depreciation expense	<u>(4,771,033)</u>	<u>(3,359,728)</u>
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 increased by this amount during the year.		
		48,737
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.		
		1,381
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		(2,004,563)
Change in OPEB liabilities, net of deferred resources		(678,517)
Change in compensated absences		<u>(9,166)</u>
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	(5,014,955)	
Repayment of long-term debt	5,922,739	
Amortization of charges for bond refunding	(67,089)	
Amortization of bond premiums and discounts - net	219,133	
Repayment of extended term financing	<u>267,017</u>	<u>1,326,845</u>
Change in net position of governmental activities		\$ (923,340)

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, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 48,604,982	\$ 48,604,982	\$ 49,505,861	\$ 900,879
State sources	12,024,657	12,024,657	11,734,780	(289,877)
Federal sources	844,000	844,000	972,317	128,317
Total revenues	61,473,639	61,473,639	62,212,958	739,319
Expenditures				
Instruction				
Regular programs	26,074,839	26,062,359	25,044,654	1,017,705
Special programs	7,692,365	7,694,300	8,132,837	(438,537)
Vocational education programs	1,421,336	1,421,336	1,330,454	90,882
Other instructional programs	122,402	122,402	140,336	(17,934)
Community/junior college education programs	222,857	222,857	189,040	33,817
Total instruction	35,533,799	35,523,254	34,837,321	685,933
Support services				
Pupil personnel	2,121,827	2,118,392	1,957,683	160,709
Instructional staff	2,307,087	2,312,437	2,477,650	(165,213)
Administration	4,300,027	4,308,157	3,996,902	311,255
Pupil health	886,421	886,421	1,006,366	(119,945)
Business	906,294	906,294	812,254	94,040
Operation and maintenance of plant services	5,583,169	5,583,169	5,683,034	(99,865)
Student transportation services	3,009,746	3,009,746	2,495,739	514,007
Central	1,836,252	1,836,252	1,767,404	68,848
Other support services	51,512	51,512	51,596	(84)
Total support services	21,002,335	21,012,380	20,248,628	763,752
Operation of noninstructional services				
Student activities	1,556,746	1,557,246	1,668,020	(110,774)
Community services	9,379	9,379	8,955	424
Total operation of noninstructional services	1,566,125	1,566,625	1,676,975	(110,350)
Refund of prior years' receipts	-	-	68,953	(68,953)
Debt service	285,750	285,750	553,041	(267,291)
Total expenditures	58,388,009	58,388,009	57,384,918	1,003,091
Excess of revenues over expenditures	3,085,630	3,085,630	4,828,040	1,742,410
Other Financing Sources (Uses)				
Sale of or compensation for loss of fixed assets	-	-	37,000	37,000
Interfund transfers in	1,817,286	1,817,286	1,817,284	(2)
Interfund transfers out	(5,648,223)	(5,648,223)	(6,520,718)	(872,495)
Total other financing sources (uses)	(3,830,937)	(3,830,937)	(4,666,434)	(835,497)
Net change in fund balance	\$ (745,307)	\$ (745,307)	\$ 161,606	\$ 906,913

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2019

	Food Service Fund	Granada Project Fund	Totals
Assets			
Current Assets			
Cash and cash equivalents	\$ 3,177	\$ 504,628	\$ 507,805
Due from other funds	29,097	145,490	174,587
Due from other governments	7,958	-	7,958
Other receivables	23,709	116,633	140,342
Prepaid expenses	-	1,562	1,562
Inventories	75,298	-	75,298
Total current assets	<u>139,239</u>	<u>768,313</u>	<u>907,552</u>
Noncurrent Assets			
Food service equipment	2,201,063	-	2,201,063
Lease buyout	-	1,629,000	1,629,000
Accumulated depreciation and amortization	(1,834,315)	(1,629,000)	(3,463,315)
Total noncurrent assets	<u>366,748</u>	<u>-</u>	<u>366,748</u>
Total assets	<u>\$ 505,987</u>	<u>\$ 768,313</u>	<u>\$ 1,274,300</u>
Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 347,232	\$ -	\$ 347,232
Deferred amounts on OPEB liabilities	16,008	-	16,008
Total deferred outflows of resources	<u>\$ 363,240</u>	<u>\$ -</u>	<u>\$ 363,240</u>

See Notes to Financial Statements.

	Food Service Fund	Granada Project Fund	Totals
Liabilities			
Current Liabilities			
Accounts payable	\$ 15,483	\$ 167,978	\$ 183,461
Accrued salaries and benefits	7,441	-	7,441
Unearned revenues	32,018	45,062	77,080
Total current liabilities	<u>54,942</u>	<u>213,040</u>	<u>267,982</u>
Noncurrent Liabilities			
Net pension liability	2,172,000	-	2,172,000
Accrued compensated absences	55,272	-	55,272
OPEB liabilities	309,676	-	309,676
Total noncurrent liabilities	<u>2,536,948</u>	<u>-</u>	<u>2,536,948</u>
Total liabilities	<u>\$ 2,591,890</u>	<u>\$ 213,040</u>	<u>\$ 2,804,930</u>
Deferred Inflows of Resources			
Deferred amounts on pension liability	\$ 34,000	\$ -	\$ 34,000
Deferred amounts on OPEB liabilities	28,942	-	28,942
Total deferred inflows of resources	<u>\$ 62,942</u>	<u>\$ -</u>	<u>\$ 62,942</u>
Net Position			
Net investment in capital assets	\$ 366,748	\$ -	\$ 366,748
Unrestricted	(2,152,353)	555,273	(1,597,080)
Total net position	<u>\$ (1,785,605)</u>	<u>\$ 555,273</u>	<u>\$ (1,230,332)</u>

DERRY TOWNSHIP SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Food Service Fund	Granada Project Fund	Total
Operating Revenues			
Food service revenue	\$ 1,135,766	\$ -	\$ 1,135,766
Rental income	-	279,149	279,149
CAM income	-	480,199	480,199
Administrative fees	-	35,570	35,570
Total operating revenues	<u>1,135,766</u>	<u>794,918</u>	<u>1,930,684</u>
Operating Expenses			
Salaries	654,102	-	654,102
Employee benefits	561,546	-	561,546
Food and supplies consumed	746,450	-	746,450
Other expenses	49,516	-	49,516
CAM expenses	-	482,457	482,457
Depreciation and amortization	70,888	-	70,888
Total operating expenses	<u>2,082,502</u>	<u>482,457</u>	<u>2,564,959</u>
Operating income (loss)	<u>(946,736)</u>	<u>312,461</u>	<u>(634,275)</u>
Nonoperating Revenues (Expenses)			
State subsidies for food service	22,191	-	22,191
State subsidy for social security payments	24,815	-	24,815
State subsidy for retirement payments	107,981	-	107,981
Federal subsidies	278,437	-	278,437
Value of U.S.D.A. commodities	101,819	-	101,819
Investment earnings	-	2,447	2,447
Refund of prior years' expenditures	25,429	-	25,429
Total nonoperating revenues	<u>560,672</u>	<u>2,447</u>	<u>563,119</u>
Income (loss) before transfers	<u>(386,064)</u>	<u>314,908</u>	<u>(71,156)</u>
Interfund Transfer In	<u>43,217</u>	<u>-</u>	<u>43,217</u>
Changes in net position	<u>(342,847)</u>	<u>314,908</u>	<u>(27,939)</u>
Net Position - July 1, 2018	<u>(1,442,758)</u>	<u>240,365</u>	<u>(1,202,393)</u>
Net Position - June 30, 2019	<u>\$ (1,785,605)</u>	<u>\$ 555,273</u>	<u>\$ (1,230,332)</u>

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2019

	Food Service Fund	Granada Project Fund	Total
Cash Flows From Operating Activities			
Cash received from users	\$ 1,091,962	\$ 678,285	\$ 1,770,247
Cash payments to employees for services	(1,008,408)	-	(1,008,408)
Cash payments for goods and services	(539,532)	(176,104)	(715,636)
Net cash provided by (used in) operating activities	(455,978)	502,181	46,203
Cash Flows From Noncapital Financing Activities			
State subsidies	154,889	-	154,889
Federal subsidies	277,104	-	277,104
Transfers	43,217	-	43,217
Refund of prior year expenditures	25,429	-	25,429
Net cash provided by noncapital financing activities	500,639	-	500,639
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(43,217)	-	(43,217)
Net cash used in capital and related financing activities	(43,217)	-	(43,217)
Cash Flows From Investing Activities			
Investment earnings	-	2,447	2,447
Net cash provided by investing activities	-	2,447	2,447
Net increase in cash and cash equivalents	1,444	504,628	506,072
Cash and Cash Equivalents:			
July 1, 2018	1,733	-	1,733
June 30, 2019	\$ 3,177	\$ 504,628	\$ 507,805
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating (loss) income	\$ (946,736)	\$ 312,461	\$ (634,275)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	70,888	-	70,888
Value of donated commodities	101,819	-	101,819
(Increase) decrease in:			
Other accounts receivable	(4,072)	(116,633)	(120,705)
Inventories	(1,681)	-	(1,681)
Prepaid expenses	-	(1,562)	(1,562)
Deferred outflows of resources	24,515	-	24,515
(Decrease) increase in:			
Internal balances	151,750	257,585	409,335
Accounts payable	4,546	50,330	54,876
Accrued salaries and benefits	1,666	-	1,666
Unearned revenues	(39,732)	-	(39,732)
Accrued compensated absences	1,999	-	1,999
Net pension liability	148,378	-	148,378
OPEB liabilities	(10,936)	-	(10,936)
Deferred inflows of resources	41,618	-	41,618
Net cash (used in) provided by operating activities	\$ (455,978)	\$ 502,181	\$ 46,203

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2019

	Private-Purpose Trust Fund	Agency Fund	Total
Assets			
Cash and cash equivalents	\$ 479,431	\$ 229,071	\$ 708,502
Investments	1,064,833	-	1,064,833
Total assets	\$ 1,544,264	\$ 229,071	\$ 1,773,335
Liabilities			
Due to other funds	\$ 62,384	\$ -	\$ 62,384
Due to student groups	-	214,351	214,351
Accounts payable	-	14,720	14,720
Total liabilities	\$ 62,384	\$ 229,071	\$ 291,455
Net Position			
Restricted	\$ 1,481,880	\$ -	\$ 1,481,880
Total net position	\$ 1,481,880	\$ -	\$ 1,481,880

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2019

	Private-Purpose Trust Fund
Additions	
Interest earned	\$ 3,132
Unrealized gain on investments	1,138
Contributions	11,950
Total additions	<u>16,220</u>
Deductions	
Scholarships awarded	22,800
Total deductions	<u>22,800</u>
Change in net position	(6,580)
Net Position:	
July 1, 2018	1,488,460
June 30, 2019	<u><u>\$ 1,481,880</u></u>

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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, 2019, Derry Township School District paid \$451,695 for its estimated share of the operating budget. As of June 30, 2019, the Vo-Tech School's General Fund had total assets of \$3,554,760 and total liabilities of \$2,390,823. As of June 30, 2019, the Vo-Tech School had property and equipment net of accumulated depreciation of \$23,467,923, and governmental long-term liabilities of \$51,146,316. During the year-ended June 30, 2015, the Vo-Tech School refinanced its Series of 2007 bond with the issuance of Series of 2015 bond, see Note 9. The Vo-Tech School's outstanding balance on their Series of 2015 bond as of June 30, 2019, is \$17,050,000.

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-ended June 30, 2019, the District paid \$72,492 for its estimated share of the operating expenses. As of December 31, 2018, the Tax Association's General Fund had total assets of \$168,239 and total liabilities of \$14,863, resulting in a total fund balance of \$153,376. As of December 31, 2018, the Tax Association had general fund fixed assets net of accumulated depreciation of \$59,834.

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

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

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, 2019:

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

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

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

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

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, net difference between projected and actual investment earnings, 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, 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

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.

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.

DERRY TOWNSHIP SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS****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 (Continued): The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2019, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 9,161,551	\$ 215,676	\$ 9,377,227
PSERS Cost Sharing Plan	4,195,000	94,000	4,289,000
Total	<u>\$ 13,356,551</u>	<u>\$ 309,676</u>	<u>\$ 13,666,227</u>
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 255,188	\$ 6,008	\$ 261,196
PSERS Cost Sharing Plan	452,000	10,000	462,000
Total	<u>\$ 707,188</u>	<u>\$ 16,008</u>	<u>\$ 723,196</u>
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 1,059,493	\$ 24,942	\$ 1,084,435
PSERS Costs Sharing Plan	159,000	4,000	163,000
Total	<u>\$ 1,218,493</u>	<u>\$ 28,942</u>	<u>\$ 1,247,435</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 13 and 14, respectively.

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 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.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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)

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	\$ 7,438,844
Beneficial interest in perpetual trust (nonexpendable)	43,732,076
Total restricted net position	<u>\$ 51,170,920</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

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	\$ 146,971	\$ -	\$ -	\$ 146,971
Prepaid expenses	12,187	-	-	12,187
Note receivable	266,896	-	-	266,896
Beneficial interest in perpetual trust	-	-	43,732,076	43,732,076
Restricted				
Capital improvements	-	10,547,517	-	10,547,517
Committed				
Health benefits	500,000	-	-	500,000
Retirement stabilization	2,384,692	-	-	2,384,692
Unassigned	5,293,780	-	-	5,293,780
Total	\$ 8,604,526	\$ 10,547,517	\$ 43,732,076	\$ 62,884,119

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 December 24, 2019, the date that the financial statements were available to be issued.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2019, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	First National Bank
Insured (FDIC)	4,025,547	4,025,547	Bryn Mawr Trust
Uninsured, collateralized in accordance with Act 72	18,244,212	18,669,828	First National Bank
	<u>\$ 22,519,759</u>	<u>\$ 22,945,375</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

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, 2019, the District had no investments with maturities greater than 12 months within the governmental funds.

As of June 30, 2019, 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	\$ 21,567
Mutual Funds	760,120
Common Stock	224,459
Exchange Traded Funds	80,254
Total investments	<u>\$ 1,086,400</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

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, 2019:

	Amount
Balance at July 1, 2018	\$ 43,892,352
Net investment income	1,823,021
Trustee fees	(166,013)
Transfers to general fund	(1,817,284)
Balance at June 30, 2019	<u>\$ 43,732,076</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 2018-2019 is as follows:

July 1, 2018	Tax levy date
Through August 31, 2018	2% discount
September 1 - October 31, 2018	Face payment period
November 1 - December 31, 2018	10% penalty period
January 1, 2019	Lien filing date

The District's tax rate for all purposes in 2018-2019 was 18.5363 mills (\$18.5363 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 98% of the total tax levy.

DERRY TOWNSHIP SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS****Note 5. Taxes Receivable, Deferred Inflows of Resources, and Estimated Uncollectible Taxes**

A summary of the taxes receivable and related accounts at June 30, 2019, are as follows:

	Amount
Uncollected Taxes	\$ 2,839,220
Estimated uncollectible taxes	(2,237,107)
Taxes Receivable - Net	<u>\$ 602,113</u>
 Taxes to be collected within 60 days	 \$ 94,415
Deferred inflows of resources - delinquent property taxes	507,698
Taxes Receivable - Net	<u>\$ 602,113</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
2020	\$ 64,015	\$ 5,685	\$ 69,700
2021	65,844	4,404	70,248
2022	67,673	3,087	70,760
2023	69,364	1,666	71,030
Totals	<u>\$ 266,896</u>	<u>\$ 14,842</u>	<u>\$ 281,738</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Interfund Receivables and Payables and Transfers

Interfund balances and transfers at June 30, 2019, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 62,384	\$ 1,033,038
Capital Projects	858,451	-
Proprietary Funds		
Food Service	29,097	-
Granada Project	145,490	-
Fiduciary Fund		
Private Purpose Trust	-	62,384
	<u>\$ 1,095,422</u>	<u>\$ 1,095,422</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.

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ 1,817,284	\$ 6,520,718
Capital Projects	1,850,000	-
Permanent	-	1,817,284
Debt Service	4,627,501	-
Proprietary Fund		
Food Service	43,217	-
	<u>\$ 8,338,002</u>	<u>\$ 8,338,002</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	July 1, 2018	Increases	Decreases	June 30, 2019
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,047,274	\$ -	\$ -	\$ 1,047,274
Construction-in-progress	121,452	421,103	181,000	361,555
Total capital assets not being depreciated	1,168,726	421,103	181,000	1,408,829
Capital assets being depreciated				
Site improvements	10,730,724	-	-	10,730,724
Buildings and building improvements	115,381,206	261,815	-	115,643,021
Furniture and equipment	28,458,995	917,496	333,307	29,043,184
Total capital assets being depreciated	154,570,925	1,179,311	333,307	155,416,929
Less accumulated depreciation				
Site improvements	5,663,955	519,421	-	6,183,376
Buildings and building improvements	46,057,789	2,895,787	-	48,953,576
Furniture and equipment	24,097,076	1,355,825	325,198	25,127,703
Total Accumulated Depreciation	75,818,820	4,771,033	325,198	80,264,655
Total capital assets being depreciated, net	78,752,105	(3,591,722)	8,109	75,152,274
Total Governmental Activities, Capital Assets - Net	\$ 79,920,831	\$ (3,170,619)	\$ 189,109	\$ 76,561,103
Business-Type Activities				
Capital assets being depreciated				
Equipment	\$ 2,157,847	\$ 43,217	\$ -	\$ 2,201,064
Less accumulated depreciation				
Equipment	1,763,428	70,888	-	1,834,316
Business-Type Activities, Capital Assets - Net	\$ 394,419	\$ (27,671)	\$ -	\$ 366,748

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital Assets (Continued)

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

	Amounts
Governmental Activities:	
Instruction	\$ 3,231,600
Instructional student support	456,395
Administrative and financial support services	479,928
Operation and maintenance of plant services	309,319
Pupil transportation	162,766
Student activities	130,112
Other community services	913
Total governmental activities	<u>4,771,033</u>
Business-Type Activities	
Food service	70,888
Total School District	<u><u>\$ 4,841,921</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, 2019, and transactions during the year then ended follows:

	July 1, 2018	Increases	Decreases	June 30, 2019	Due within one year
Governmental activities:					
Bonds and notes payable					
Series of 2012	\$ 1,525,000	\$ -	\$ 1,525,000	\$ -	\$ -
Series A of 2012	2,770,000	-	575,000	2,195,000	340,000
Series of 2014	9,655,000	-	15,000	9,640,000	130,000
Series of 2015	5,510,000	-	1,755,000	3,755,000	1,820,000
Series A of 2015	5,945,000	-	170,000	5,775,000	170,000
Series of 2016	4,530,000	-	1,445,000	3,085,000	1,360,000
Series A of 2019	-	3,310,000	255,000	3,055,000	45,000
Series B of 2019	-	1,555,000	-	1,555,000	-
Net premium (discount) on bonds	377,983	149,955	219,133	308,805	-
Total bonds and notes payable	30,312,983	5,014,955	5,959,133	29,368,805	3,865,000
Dauphin County Technical School lease obligation	3,146,510	-	182,739	2,963,771	177,762
Other lease obligations	534,033	-	267,017	267,016	267,016
Compensated absences	1,412,755	9,166	-	1,421,921	-
Total governmental activities long-term obligations	\$ 35,406,281	\$ 5,024,121	\$ 6,408,889	\$ 34,021,513	\$ 4,309,778
Business-type activities:					
Compensated absences	\$ 53,273	\$ 1,999	\$ -	\$ 55,272	\$ -
Total business-type activities long-term obligations	\$ 53,273	\$ 1,999	\$ -	\$ 55,272	\$ -

General Obligation Bonds - Series of 2012 - On March 15, 2012, the District authorized the issuance of General Obligation Bonds, Series of 2012, in the aggregate principal amount of \$3,110,000. The proceeds of the bonds were used to provide funds to: (1) refund the outstanding Township of Derry Industrial and Commercial Development Authority, Guaranteed School Revenue Bonds, series 2007, of the District; (2) pay the costs of issuing the bonds. The Bonds bore interest rates that were not to exceed 2.00%; the initial rate was 0.30%. On December 17, 2018, the District issued General Obligation Notes - Series A of 2019 to refund this obligation.

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.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

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 bear interest rates that shall not exceed 3.00%; the initial rate is 0.15%. The bonds mature serially in amounts ranging from \$5,000 to \$3,415,000 through 2025.

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.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

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.

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.

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
2019-2020	\$ 3,865,000	\$ 761,548	\$ 4,626,548
2020-2021	4,005,000	624,335	4,629,335
2021-2022	4,105,000	526,535	4,631,535
2022-2023	4,190,000	438,135	4,628,135
2023-2024	4,295,000	335,885	4,630,885
2024-2029	8,600,000	412,000	9,012,000
	<u>\$ 29,060,000</u>	<u>\$ 3,098,438</u>	<u>\$ 32,158,438</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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
2019-2020	\$ 177,782	\$ 110,797	\$ 288,579
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
2024-2028	1,188,156	252,709	1,440,865
2028-2031	812,103	24,361	836,464
	<u>\$ 2,963,771</u>	<u>\$ 754,294</u>	<u>\$ 3,718,065</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

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	\$ 801,050
Less accumulated depreciation	(534,034)
Total computers - net book value	<u>\$ 267,016</u>

The following is a schedule of the future, minimum lease payments due under the lease-purchase obligations as of June 30, 2019:

Years	Amount
2019-2020	<u>\$ 267,016</u>
Total present value of minimum lease payments	<u>\$ 267,016</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2019. The following is a schedule by years of future lease rentals under the lease at June 30, 2019:

Year Ending June 30:	Minimum Lease Obligation
2020	\$ 25,640
2021	25,640
2022	25,640
Total	<u>\$ 76,920</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, 2019. The following is a schedule by years of future lease rentals under the lease at June 30, 2019:

Year Ending June 30:	Minimum Lease Obligation
2020	\$ 69,726
2021	31,979
Total	<u>\$ 101,705</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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, 2019, was 33.43% 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 33.43% rate is composed of a contribution rate of 32.60% for pension benefits and .83% 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, 2019, was \$9,341,769, and is equal to the required contribution for the year. For the year ended June 30, 2019, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$4,770,568.

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

At June 30, 2019, the District reported a liability of \$98,746,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2017 to June 30, 2018. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the District's proportion was .2057%, which was an increase of .0047 from its proportion measured as of June 30, 2017.

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, 2019, the District recognized pension expense of \$11,541,961. At June 30, 2019, 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	\$ 795,000	\$ 1,528,000
Changes in assumptions	1,840,000	-
Net difference between projected and actual investment earnings	484,000	-
Changes in proportion	3,109,000	-
Difference between employer contributions and proportionate share of total contributions	213,307	-
Contributions subsequent to the measurement date	9,342,000	-
	<u>\$ 15,783,307</u>	<u>\$ 1,528,000</u>

\$9,342,000 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Total
2020	\$ 3,311,441
2021	2,242,320
2022	(280,454)
2023	(360,000)
	<u>\$ 4,913,307</u>

Actuarial Assumptions

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

Note 11. Defined-Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Global public equity	20.0%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	(20.0)%	0.9%
	<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, 2018.

Discount Rate

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

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined-Benefit Pension Plan (Continued)

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	\$ 122,403,000	\$ 98,746,000	\$ 78,744,000

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.

Plan Payables

At June 30, 2019, the District has payables to the PSERS pension plan of \$3,234,253. This total is composed of staff payroll accruals for retirement contributions.

Note 12. 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 \$37,971 to the plan for the year ended June 30, 2019.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. 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
I. ADMINISTRATORS & ACT 93			
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: Group 1 (Principals, Directors, Assistant Superintendent): 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. Group 2 (Admin Support Staff, Computer Technicians): 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.
II. TEACHERS UNION	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.
III. NON PROFESSIONAL UNION	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.
<p>Notes:</p> <p>Act 110-43 Eligibility: All employees are eligible for this benefit upon retirement with 36 years of PSERS service or upon superannuation retirement.</p> <p>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.</p> <p>PSERS Superannuation Retirement:</p> <p>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.</p> <p>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.</p> <p>Coordination with Medicare: Plan benefits pay secondary to Medicare.</p>			

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Employees Covered by Benefit Terms

At July 1, 2018, 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, 2019, the District reported a liability of \$9,377,227 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2018 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>\$ 9,682,899</u>
Changes for the year	
Service cost	733,487
Interest	319,081
Differences between expected and actual experience	(952,930)
Changes in assumptions	4,691
Estimated benefit payments	(410,001)
Net changes	<u>(305,672)</u>
Total OPEB Liability, ending	<u>\$ 9,377,227</u>

For the year-ended June 30, 2019, the District recognized OPEB expense of \$962,560. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 879,628
Changes in assumptions	4,330	204,807
Benefit payments subsequent to the measurement date	256,866	-
	<u>\$ 261,196</u>	<u>\$ 1,084,435</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. 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, \$256,866 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, 2020. 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
2020	\$ (90,008)
2021	(90,008)
2022	(90,008)
2023	(90,008)
2024	(90,008)
Thereafter	(630,065)
	<u>\$ (1,080,105)</u>

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, 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 - 2.98%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2018.
- 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

Note 13. 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 2.98%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.98%) or one-percentage-higher (3.98%) than the current discount rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB liability	\$ 10,134,855	\$ 9,377,227	\$ 8,657,768

The discount rate used to measure the total OPEB liability decreased from 3.13% as of July 1, 2017 to 2.98% as of July 1, 2018.

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	\$ 8,213,209	\$ 9,377,227	\$ 10,757,489

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. 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, 2018, 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

Note 14. 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, 2019, was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$237,843 for the year-ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$4,289,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2017 to June 30, 2018. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one year reported covered payroll. At June 30, 2018, the District's proportion was .2057%, which was a increase of .0047 from its proportion measured as of June 30, 2017.

For the year-ended June 30, 2019, the District recognized OPEB expense of \$219,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,000	\$ -
Changes in assumptions	68,000	163,000
Net difference between projected and actual investment earnings	7,000	-
Changes in proportion	123,000	-
Contributions subsequent to the measurement date	238,000	-
	<u>\$ 462,000</u>	<u>\$ 163,000</u>

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

\$238,000 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2020	\$ 7,000
2021	7,000
2022	7,000
2023	6,000
2024	5,000
Thereafter	29,000
	<u>\$ 61,000</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level% of pay.
- Investment return - 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit 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, 2017, 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

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, 2016, determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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	5.9%	0.3%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed	1.3%	0.4%
	<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, 2018.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

Change in Actuarial Assumptions

The discount rate used to measure the total OPEB liability decreased from 3.13% as of June 30, 2017 to 2.98% as of June 30, 2018.

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 2.98%, 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 (1.98%) or one-percentage-point higher (3.98%) than the current discount rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
District's proportionate share of the net OPEB liability	\$ 4,877,000	\$ 4,289,000	\$ 3,800,000

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. 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	\$ 4,288,000	\$ 4,289,000	\$ 4,289,000
<u>OPEB Plan Fiduciary Net Position</u>			

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.

Plan Payables

At June 30, 2019, the District has payables to the OPEB plan of \$82,344.

Note 15. 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 sublease and sub-subleases. The termination price of \$1,629,000 is being amortized over a two-year period.

Future payments to ROC will be dependent upon the Hershey Lease. The Hershey Lease was renewed through October 31, 2019, and the District is required 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.

DERRY TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 \$6,904,506 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 payable has been included in accrued salaries and benefits of the General Fund for claims reported but not paid by June 30, 2019, plus accrued teachers summer benefits, which both amount to \$120,492. Changes in the District's claims liability amount for the year ended June 30, 2019, were:

	Amount
Liability - beginning of year	\$ 329,906
Current year claims and changes in estimates	5,574,517
Less - claim payments	(5,783,931)
Liability - end of year	<u>\$ 120,492</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

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, 2019, 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

On December 20, 2019, the District issued General Obligation Bonds - Series C of 2019, in the amount of \$9,030,000 for the purpose of currently refunding the General Obligation Bonds - Series of 2014 and to pay the cost of issuance of the notes.

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,**

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2057%	0.2010%	0.1986%	0.1945%	0.1941%
District's proportionate share of the net pension liability	<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>\$ 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	356.43%	370.90%	382.59%	324.53%	306.43%
Plan fiduciary net position as a percentage of the total pension liability	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,

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 9,341,769	\$ 8,807,160	\$ 7,827,296	\$ 6,490,095	\$ 5,139,650	\$ 4,142,852	\$ 2,909,242	\$ 2,094,002	\$ 1,312,383	\$ 1,106,791
Contributions in relation to the contractually required contribution	(9,341,769)	(8,807,160)	(7,827,296)	(6,490,095)	(5,139,650)	(4,142,852)	(2,909,242)	(2,094,002)	(1,312,383)	(1,106,791)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 28,770,320	\$ 27,758,265	\$ 25,724,950	\$ 25,960,380	\$ 25,071,493	\$ 25,892,825	\$ 25,297,757	\$ 26,175,025	\$ 26,247,000	\$ 27,069,775
Contributions as a percentage of covered payroll	32.47%	31.73%	30.43%	25.00%	20.50%	16.00%	11.50%	8.00%	5.00%	4.00%

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,

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

Notes to Schedule:

Changes in assumptions: The discount rate changed from 3.13% to 2.98%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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,**

	2019	2018
District's proportion of the net OPEB liability	0.2057%	0.2010%
District's proportionate share of the net OPEB liability	<u>\$ 4,289,000</u>	<u>\$ 4,095,000</u>
District's covered payroll	<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	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	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,**

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

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 3,108,673	\$ 6,781,729	\$ 9,890,402
Due from other funds	-	858,451	858,451
Other receivables	-	51,575	51,575
Total assets	<u>3,108,673</u>	<u>7,691,755</u>	<u>10,800,428</u>
Liabilities			
Accounts payable	\$ -	\$ 252,911	\$ 252,911
Total liabilities	<u>-</u>	<u>252,911</u>	<u>252,911</u>
Fund Balances			
Restricted	3,108,673	7,438,844	10,547,517
Total fund balances	<u>3,108,673</u>	<u>7,438,844</u>	<u>10,547,517</u>
Total liabilities and fund balances	<u>\$ 3,108,673</u>	<u>\$ 7,691,755</u>	<u>\$ 10,800,428</u>

DERRY TOWNSHIP SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CAPITAL PROJECTS FUNDS
Year Ended June 30, 2019**

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Revenues			
Local Sources	\$ 8,673	\$ 32,849	\$ 41,522
Total revenues	8,673	32,849	41,522
Expenditures			
Support services	19,955	1,241,181	1,261,136
Total expenditures	19,955	1,241,181	1,261,136
Other Financing Sources			
Interfund transfers in	-	1,850,000	1,850,000
Issuance of general obligation notes	3,055,000	-	3,055,000
Issuance of refunding debt	1,810,000	-	1,810,000
Bond premiums	149,955	-	149,955
Payments to refunded-debt escrow agent	(1,895,000)	-	(1,895,000)
Total other financing sources	3,119,955	1,850,000	4,969,955
Net changes in fund balances	3,108,673	641,668	3,750,341
Fund Balances - July 1, 2018	-	6,797,176	6,797,176
Fund Balances - June 30, 2019	\$ 3,108,673	\$ 7,438,844	\$ 10,547,517

**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, 2019, 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 December 24, 2019.

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 cursive script, reading "Boyer & Fitter".

Camp Hill, Pennsylvania
December 24, 2019

**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, 2019. 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, 2019.

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.



Camp Hill, Pennsylvania
December 24, 2019

DERRY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year-ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified that is not considered to be a material weakness (es)? ☐ Yes ☒ 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 ☒ No

DERRY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year-ended June 30, 2019

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
	Special Education Cluster (IDEA)
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? Yes X No

Section II – Financial Statement Findings

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.

Section III – Federal Award Findings and Questioned Costs

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, 2019

	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, 2018	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2019	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-18-0118	17-18	\$ 675,265	\$ (4,477)	\$ (4,477)	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-19-0118	18-19	\$ 671,637	671,684	-	671,637	671,637	(47)	-
					667,207	(4,477)	671,637	671,637	(47)	-
Title II - Supporting Effective Instruction State Grants	84.367	020-18-0118	17-18	\$ 149,913	19,621	19,621	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-19-0118	18-19	\$ 136,299	136,939	-	136,299	136,299	(640)	-
					156,560	19,621	136,299	136,299	(640)	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-19-0118	18-19	\$ 48,903	48,903	-	48,903	48,903	-	-
					48,903	-	48,903	48,903	-	-
Total passed through the Pennsylvania Department of Education					872,670	15,144	856,839	856,839	(687)	-
Passed through the Capital Area Intermediate Unit										
Special Education Cluster (IDEA)										
Special Education Grants to States	84.027	062-180015	17-18	\$ 398,830	55,656	55,656	-	-	-	-
Special Education Grants to States	84.027	062-190015	18-19	\$ 412,838	-	-	412,838	412,838	412,838	-
					55,656	55,656	412,838	412,838	412,838	-
Special Education Preschool Grants	84.173	131-180015	17-18	\$ 1,932	688	688	-	-	-	-
Special Education Preschool Grants	84.173	131-190015	18-19	\$ 2,600	-	-	2,600	2,600	2,600	-
					688	688	2,600	2,600	2,600	-
Total Special Education Cluster passed through the Capital Area Intermediate Unit					56,344	56,344	415,438	415,438	415,438	-
Total U.S. Department of Education					929,014	71,488	1,272,277	1,272,277	414,751	-

(Continued)

DERRY TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2019

	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, 2018	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2019	Provided to Subrecipients
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare										
Medicaid Cluster										
Medical Assistance Program: Title XIX	93.778	N/A	18-19	N/A	9,771	-	9,771	9,771	-	-
Total Medicaid Cluster					9,771	-	9,771	9,771	-	-
Total U.S. Department of Health and Human Services					9,771	-	9,771	9,771	-	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program*	10.553	N/A	17-18	N/A	1,024	1,024	-	-	-	-
School Breakfast Program*	10.553	N/A	18-19	N/A	40,668	-	41,791	41,791	1,123	-
					41,692	1,024	41,791	41,791	1,123	-
National School Lunch Program*	10.555	N/A	17-18	N/A	4,991	4,991	-	-	-	-
National School Lunch Program*	10.555	N/A	18-19	N/A	230,420	-	236,046	236,046	6,226	-
					235,411	4,991	236,046	236,046	6,226	-
Total passed through the Pennsylvania Department of Education					277,103	6,015	278,437	278,437	7,349	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations*	10.555	N/A	18-19	N/A	101,819	(a) (19,280) (b)	101,819	106,866 (c)	(14,233) (d)	-
Total U.S. Department of Agriculture					378,922	(13,265)	380,256	385,303	(6,884)	-
Total Expenditures of Federal Awards					\$ 1,317,707	\$ 58,223	\$ 1,662,304	\$ 1,667,351	\$ 407,867	\$ -

*Programs in the Child Nutrition Cluster

School Breakfast Program	\$ 41,791
National School Lunch Program	236,046
National School Lunch Program - Food Donations	106,866
\$ 385,303	

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

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, 2019, was \$105,707.

DERRY TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year-Ended June 30, 2019

There were no prior year's audit findings.