

Audited
Financial
Statements

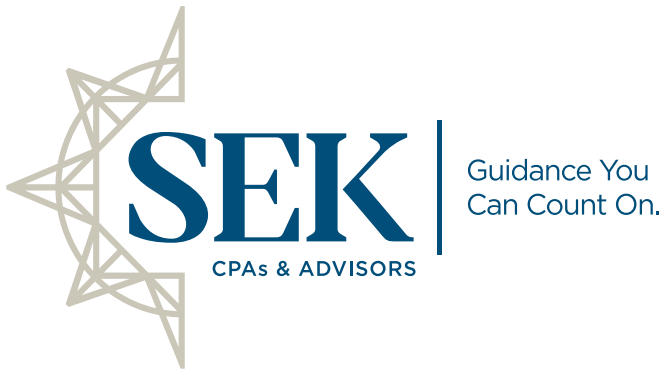
June 30,
2022

Northern York County School District



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northern York County School District
Dillsburg, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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 Northern York County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 Northern York County School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern York County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the School District adopted new accounting guidance, *GASBS No. 87, Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern York County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northern York County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northern York County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Northern York County School District's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated December 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it is derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 13, budgetary comparison information on page 61, and the schedules related to the pension and OPEB liabilities on pages 62 to 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern York County School District's basic financial statements. The schedule of expenditures of federal awards is presented of purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The 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 1, 2022, on our consideration of Northern York County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern York County 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 Northern York County School District's internal control over financial reporting and compliance.

Smith & Elliott Heams Company, LLC

Chambersburg, Pennsylvania
December 1, 2022

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

The management of the Northern York County School District is pleased to present the following discussion and analysis of the School District's financial activities for the fiscal year ending June 30, 2022. Comparative financial information between fiscal years ending June 30, 2021 and June 30, 2022 is also presented in this report to show changes in the financial position of the School District from prior year to current year.

The intent of this discussion and analysis is to provide a narrative summary of the financial position and activities of the School District in order to enhance the reader's understanding of the School District's basic financial statements. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- For the 2021-2022 fiscal year, the School Board adopted a balanced General Fund Budget. In order to balance the budget, a real estate tax rate of 18.7339 mills was required, along with the anticipated use of \$ 256,797 from the fund balance. Included in the budget was a \$ 24,000 transfer into the Food Service Fund to pay for half the salary of the Food Service Director and a \$ 250,000 transfer into the Capital Reserve Fund for capital improvements. The General Fund had an actual gain of \$ 1,368,624 which was a \$ 1,625,421 difference compared to budget. Actual revenues exceeded budgeted revenues by \$ 2,106,547. This difference is mainly attributed to \$ 714,009 in additional grant funds for the pandemic response which was not budgeted and also \$ 223,552 in additional State Basic Education funding, \$ 102,947 in State Special Education funding, \$ 411,044 in State pension reimbursement, \$ 162,654 in Earned Income Taxes, \$155,358 in Real Estate Taxes, \$ 150,923 in Real Estate Transfer Taxes, and \$ 121,108 in additional IDEA funds. General Fund actual expenditures were more than budgeted expenditures by \$ 1,399,415. This difference is mainly attributed to outside cyber charter payments being over budget by \$ 1,114,194 and continued increased costs due to the pandemic, including on-line learning and salaries for additional teaching staff. Other financing uses were more than budgeted amounts due to additional money being transferred to the Capital Reserve Fund for a fire alarm and pump replacement at the High School.
- The School District received \$ 728,326 from the State to fund property tax reductions. Property owners in the School District who filed and received approval for a homestead/farmstead exclusion saw their net tax due decrease by this amount.
- The Governmental Accounting Standards Board Statement No. 68 (GASB 68), became effective for fiscal year ending June 30, 2015. This statement addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers. The implementation of this standard had a significant negative impact on the net position of the School District. Further analysis is available in the "Net Position" portion of this MD&A and can also be found in Note 12 of the financial statements.
- The Governmental Accounting Standards Board Statement No. 75 (GASB 75), became effective for fiscal year ending June 30, 2018. This statement addresses accounting and financial reporting for other post-employment benefits that are provided to employees of state and local government employers. Additional information can be found in Note 11 of the financial statements.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three sections – Management’s Discussion and Analysis (this section), the basic financial statements, and other required supplementary information. The basic financial statements include two kinds of statements, which present different views of the School District.

The first two statements of the basic financial statements are government-wide financial statements. These statements on pages 14 and 15 consist of the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about the School District’s overall financial status.

The remaining basic financial statements consist of fund financial statements. These statements focus on individual funds of the School District and provide a more detailed presentation of the School District’s operations. The governmental funds statements on pages 16 and 18 present how general School District services, such as regular and special education, are financed in the short-term as well as what remains for future spending. The statement of revenues, expenditures and changes in fund balance – budget and actual for the general fund is shown on page 61 and provides the budgetary comparisons to the actual revenues, expenditures and other financing sources (uses). The proprietary fund statements on pages 20 - 22 present both short-term and long-term information about the activities that the School District operates similar to a business, such as food service. Following the proprietary fund statements, the fiduciary fund statements on pages 23 and 24 present information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, such as student activity and trust funds.

Notes to the basic financial statements are included on pages 25 - 60. These notes provide a more detailed explanation of the School District’s financial statements. Following the notes to the basic financial statements is supplementary information on pages 62 – 66 that details budgetary information, other post-employment benefit information and pension benefit information.

Government-Wide Statements

The government-wide statements report financial information about the School District as a whole using accounting methods similar to the accounting used by private-sector companies. The Statement of Net Position includes all of the School District’s assets and liabilities utilizing the full accrual basis of accounting. The Statement of Activities accounts for all of the School District’s revenues and expenses, regardless of when cash is received or paid.

These two government-wide statements report the School District’s net position and changes in them. The School District’s net position represents the difference between the School District’s assets and deferred outflows of resources from liabilities and deferred inflow of resources. The School District’s net position is one way to measure the School District’s financial position, or financial health, over time. Increases or decreases in the School District’s net position is one indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the School District, non-financial factors must also be considered, such as changes in the School District’s property tax base and the performance of the students.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

The government-wide financial statements of the School District are divided into two categories:

- **Governmental activities** – All of the School District’s basic services are included here, such as instruction and administration. Real estate and earned income taxes, state and federal subsidies, and grants finance most of these activities.
- **Business-type activities** – The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, or major funds – not the School District as a whole. Funds are accounting components that the School District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be reported as major funds.

- **Governmental funds** – Most of the School District’s activities are reported in governmental funds, and focus on financial position and changes in financial position, rather than upon net income determination. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District’s programs. The relationship (or differences) between governmental activities (reported in the Statements of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements on pages 17 and 19.
- **Proprietary funds** – These funds are used to account for the School District activities that are similar to business operations in the private sector. When the School District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the School District’s proprietary fund and is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as cash flows.
- **Fiduciary funds** – The School District is the trustee or agent for individuals, private organizations and/or governmental units, such as student activity funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong; the School District cannot use these assets to finance its operations. The financial statements for the fiduciary funds are shown on pages 23 and 24.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position

The School District's total net position was (\$ 35,841,393) at June 30, 2022 which includes (\$ 35,229,162) in Governmental Activities and (\$ 612,231) in Business-Type Activities. This shows a decrease in the negative net position of \$ 7,007,992 compared to June 30, 2021, (\$ 42,849,385). The reason for the large negative net position is caused by the implementation of both GASB 68 and GASB 75 which required the School District to record the net pension and other post-employment benefits (OPEB), deferred outflows and inflows of resources, and expense associated with the post-employment benefits other than pensions. The total School District's net pension liability at June 30, 2022 was \$ 57,766,819, of which \$ 56,639,353 was the Governmental Activities share and \$ 1,127,466 was the Business-Type Activities share. The result of recording these liabilities in each fiscal year has resulted in a negative net position. While PSERS is not a new pension plan, June 30, 2015 was the first time the proportionate share of the liability was required to be recorded on the financial statements of the School District. The total School District's Other Postemployment Benefits Liability at June 30, 2022 was \$ 8,245,721, of which \$ 8,107,276 was the result of Governmental Activities and \$ 138,445 was for Business-Type Activities.

Statement of Net Position

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	\$ 13,500,240	\$ 677,257	\$ 14,177,497	\$ 11,856,462	\$ 38,172	\$ 11,894,634
Noncurrent assets	53,275,726	69,226	53,344,952	52,085,497	78,756	52,164,253
Deferred outflows of resources	11,782,787	276,491	12,059,278	12,380,811	306,786	12,687,597
Total Assets and Deferred Outflows of Resources	<u>\$ 78,558,753</u>	<u>\$ 1,022,974</u>	<u>\$ 79,581,727</u>	<u>\$ 76,322,770</u>	<u>\$ 423,714</u>	<u>\$ 76,746,484</u>
Current liabilities	\$ 7,861,339	\$ 58,173	\$ 7,919,512	\$ 7,415,617	\$ 65,513	\$ 7,481,130
Noncurrent liabilities	92,930,984	1,293,731	94,224,715	106,988,728	1,474,869	108,463,597
Total Liabilities	<u>100,792,323</u>	<u>1,351,904</u>	<u>102,144,227</u>	<u>114,404,345</u>	<u>1,540,382</u>	<u>115,944,727</u>
Deferred Inflows of Resources	12,995,592	283,301	13,278,893	3,470,101	181,041	3,651,142
Net investment in capital assets	22,158,982	69,226	22,228,208	18,699,774	78,756	18,778,530
Restricted	608,936	-	608,936	1,434,014	-	1,434,014
Unrestricted	(57,997,080)	(681,457)	(58,678,537)	(61,685,464)	(1,376,465)	(63,061,929)
Total Net Position	<u>(35,229,162)</u>	<u>(612,231)</u>	<u>(35,841,393)</u>	<u>(41,551,676)</u>	<u>(1,297,709)</u>	<u>(42,849,385)</u>
Total Liabilities and Net Position	<u>\$ 78,558,753</u>	<u>\$ 1,022,974</u>	<u>\$ 79,581,727</u>	<u>\$ 76,322,770</u>	<u>\$ 423,714</u>	<u>\$ 76,746,484</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Statement of Activities

The results of this year's operations as a whole are reported in the Statement of Activities. Direct expenses are listed by programs, and then offset by program revenues to determine net (expense) revenue and changes in net position. General revenues, such as taxes, state subsidies, and investment earnings are then applied prior to transfers, and special items, to determine the change in net position. For the 2021-2022 fiscal year, the change in net position for governmental activities reflects an increase of \$ 6,290,431 and of \$ 685,478 for business-type activities, or a total net increase of \$ 6,975,909 as reflected in the chart below.

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program Revenues						
Charges for services	\$ 396,211	\$ 215,276	\$ 611,487	\$ 271,759	\$ 61,069	\$ 332,828
Operating grants and contributions	10,274,318	1,844,933	12,119,251	10,219,768	975,333	11,195,101
Capital grants and contributions	568,531	-	568,531	765,647	-	765,647
General Revenues						
Taxes	37,584,317	-	37,584,317	32,352,090	-	32,352,090
State grants and subsidies	8,831,612	-	8,831,612	8,653,533	-	8,653,533
Other local revenue	108,996	800	109,796	169,674	-	169,674
Investment earnings	14,940	562	15,502	13,775	13	13,788
Total revenues	<u>57,778,925</u>	<u>2,061,571</u>	<u>59,840,496</u>	<u>52,446,246</u>	<u>1,036,415</u>	<u>53,482,661</u>
Direct expenses	<u>51,464,494</u>	<u>1,400,093</u>	<u>52,864,587</u>	<u>51,971,086</u>	<u>1,083,878</u>	<u>53,054,964</u>
Excess (deficiency) before transfers	6,314,431	661,478	6,975,909	475,160	(47,463)	427,697
Transfers between activities	<u>(24,000)</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 6,290,431</u>	<u>\$ 685,478</u>	<u>\$ 6,975,909</u>	<u>\$ 475,160</u>	<u>\$ (47,463)</u>	<u>\$ 427,697</u>

Governmental Activities

Direct expenses represent the actual cost of providing the services while the net cost represents the amount of cost that is not recovered through program revenues, meaning user charges, subsidies, grants, and contributions. The largest source of grants and contributions are state and federal sources, which provided \$ 19,674,461 for governmental activities. The net cost of services must be recovered through general revenue, primarily taxes. Amounts not recovered will reduce funds available for future years. Direct expenses decreased \$ 506,592 or 0.975% over the prior year for governmental activities. This decrease was primarily due to instruction costs for salaries and benefits due to having a decreased need for additional teachers due to the pandemic response. Governmental activities program revenues decreased \$ 18,114 or 0.16% from the prior year. Business-type activities posted an operating gain of \$ 660,116 which is \$ 707,592 more than the prior year loss of \$ 47,476. This gain was primarily due to student breakfast and lunches being fully reimbursed by the Federal Governments school breakfast and lunch programs.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

	2022			2021		
	Direct Expenses	Program Revenues	Net Cost	Direct Expenses	Program Revenues	Net Cost
Governmental Activities						
Instruction	\$ 32,246,285	\$ 7,641,620	\$ 24,604,665	\$ 33,097,114	\$ 7,652,753	\$ 25,444,361
Instructional student support	4,135,154	538,523	3,596,631	4,264,094	489,432	3,774,662
Administrative and financial support	5,525,817	494,053	5,031,764	5,697,870	474,697	5,223,173
Operation and maintenance of plant	4,144,021	278,034	3,865,987	4,069,885	285,136	3,784,749
Pupil transportation	2,939,404	1,348,122	1,591,282	2,222,429	1,323,605	898,824
Student activities	1,523,139	369,203	1,153,936	1,502,786	264,921	1,237,865
Community services	1,346	974	372	2,095	983	1,112
Interest expense and bond issue costs	<u>949,328</u>	<u>568,531</u>	<u>380,797</u>	<u>1,114,813</u>	<u>765,647</u>	<u>349,166</u>
Total Governmental Activities	<u>\$ 51,464,494</u>	<u>\$ 11,239,060</u>	40,225,434	<u>\$ 51,971,086</u>	<u>\$ 11,257,174</u>	40,713,912
Unrestricted grants and subsidies			(8,831,612)			(8,653,533)
Transfers			24,000			0
Investment earnings			<u>(14,940)</u>			<u>(13,775)</u>
Total needs from taxes and other local sources			<u>\$ 31,402,882</u>			<u>\$ 32,046,604</u>
Business-type Activities						
Food services	\$ 1,400,093	\$ 2,060,209	\$ (660,116)	\$ 1,083,878	\$ 1,036,402	\$ 47,476
Transfers			(24,000)			0
Investment earnings			<u>(562)</u>			<u>(13)</u>
Total business-type activities			<u>\$ (684,678)</u>			<u>\$ 47,463</u>

Governmental Fund Balance

At June 30, 2022, the School District governmental funds reported a combined fund balance of \$ 8,314,115, which is an increase of \$ 845,161 from the June 30, 2021 combined fund balance.

Governmental Fund Balance				
	2022	2021	\$ Change	% Change
General Fund - Nonspendable	\$ 277,954	\$ 285,042	\$ (7,088)	(2.49%)
General Fund - Restricted	216,598	234,613	(18,015)	(7.68%)
General Fund - Committed	1,496,228	374,136	1,122,092	299.92%
General Fund - Assigned	87,075	346,115	(259,040)	(74.84%)
General Fund - Unassigned	5,523,948	5,029,647	494,301	9.83%
Capital Reserve Fund - Restricted	390,389	194,463	195,926	100.75%
Capital Project Fund - Restricted	319,974	1,004,938	(684,964)	(68.16%)
Turf Field Fund - Restricted	<u>1,949</u>	<u>-</u>	<u>1,949</u>	<u>-</u>
	<u>\$ 8,314,115</u>	<u>\$ 7,468,954</u>	<u>\$ 845,161</u>	<u>11.32%</u>
Total spendable	\$ 7,107,251	\$ 5,749,898	\$ 1,357,353	23.61%
Total restricted	928,910	1,434,014	(505,104)	(35.22%)
Total nonspendable	<u>277,954</u>	<u>285,042</u>	<u>(7,088)</u>	<u>(2.49%)</u>
	<u>\$ 8,314,115</u>	<u>\$ 7,468,954</u>	<u>\$ 845,161</u>	<u>11.32%</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

General Fund Budget

A General Fund budget is adopted each year in accordance with the Pennsylvania School Code. The revised budget reflects budget transfers as approved by the Board. Contracted educational services and unforeseen expenditures regularly require annual budget adjustments.

The School District applies for State and Federal grants each year. Certain grants may not be anticipated during the budgeting process and may be added to the budget during the fiscal year if significant in nature. In addition, the grants that are anticipated during the budgeting process are based on estimates. The budget may then be modified based on the actual grant award.

	2022			2021		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Total revenues	\$ 55,197,478	\$ 57,304,025	\$ 2,106,547	\$ 50,055,849	\$ 52,646,866	\$ 2,591,017
Total expenditures	<u>54,431,275</u>	<u>55,867,064</u>	<u>(1,435,789)</u>	<u>50,491,631</u>	<u>52,066,610</u>	<u>(1,574,979)</u>
Revenues over (under) expenditures	766,203	1,436,961	670,758	(435,782)	580,256	1,016,038
Other financing sources (uses)	<u>(1,023,000)</u>	<u>(104,711)</u>	<u>918,289</u>	<u>68,000</u>	<u>331,036</u>	<u>263,036</u>
Net change in fund balance	<u>\$ (256,797)</u>	<u>\$ 1,332,250</u>	<u>\$ 1,589,047</u>	<u>\$ (367,782)</u>	<u>\$ 911,292</u>	<u>\$ 1,279,074</u>

CAPITAL ASSETS

At June 30, 2022, the School District recorded \$ 53,269,944 in governmental activities capital assets, which represents an increase of \$ 1,173,220 from the previous fiscal year. This net increase is a result of depreciation and amortization of \$ 2,664,580 being offset by additions of \$ 3,510,220. The largest additions were from the completion of the Natatorium Renovations at the High School and the Turf Field addition.

Capital Assets (Net of Depreciation/Amortization)

	2022	2021	Change
Governmental activities			
Land	\$ 324,188	\$ 324,188	\$ -
Construction in progress	2,546,472	933,445	1,613,027
Site improvements	902,188	1,028,955	(126,767)
Buildings	48,316,664	48,679,468	(362,804)
Equipment and furniture	1,074,573	1,119,441	(44,868)
Right-to-use asset - leased equipment	<u>105,859</u>	<u>11,227</u>	<u>94,632</u>
Total governmental capital assets	<u>\$ 53,269,944</u>	<u>\$ 52,096,724</u>	<u>\$ 1,173,220</u>
Business-type activities			
Food service equipment	<u>\$ 69,226</u>	<u>\$ 78,756</u>	<u>\$ (9,530)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2022

LONG-TERM LIABILITIES

Bonds, direct borrowings, and financed purchases were \$ 30,666,577 and \$ 32,036,708 at June 30, 2022 and 2021, respectively. Scheduled principal payments totaling \$ 2,930,000 were made to bondholders during 2021-2022.

Lease-purchase obligations were \$ 107,216 and \$ 11,227 at June 30, 2022 and 2021, respectively.

The liability for Compensated Absences is reported under long-term liabilities. Under the terms of the School District's employment policies, employees are reimbursed for accrued vacation and personal leave upon retirement or other termination of employment. The reimbursement rate is established by the employment contract and varies by employee classification. In addition, under the Pennsylvania School Code, employees are granted sick days annually, with all unused sick days accumulating in subsequent years. Upon retirement the School District, employees are reimbursed based on their accumulated sick days, or a portion thereof, multiplied by an amount pre-established per the employment contract. The total liability for accrued vacation, personal and sick leave has been reflected in the Statement of Net Position and totals \$ 1,000,188 for the Governmental Activities and \$ 33,620 for the Business-type Activities for year ended June 30, 2022. Employees who retire with 15 years of service are eligible to remain on the School Districts health care plan until age 65. The liability for these post-employment benefits has been reflected in the Statement of Net Position and totals \$ 8,107,276 for the Governmental Activities and \$ 138,445 for the Business-type Activities for year ended June 30, 2022. The net pension obligation for the proportionate share of the PSERS pension plan for was \$ 56,639,353 for the Governmental Activities and \$ 1,127,466 for the Business-type Activities for the year ended June 30, 2022.

2022-2023 BUDGET (PDE-2028) AND ECONOMIC FACTORS

	Budget 2022-2023	Budget 2021-2022	Change
Total revenues	\$ 59,114,222	\$ 55,198,478	\$ 3,915,744
Total expenditures	<u>52,988,747</u>	<u>50,052,275</u>	<u>2,936,472</u>
Revenues over (under) expenditures	6,125,475	5,146,203	979,272
Other financing sources (uses)	<u>(5,809,500)</u>	<u>(5,403,000)</u>	<u>(406,500)</u>
Net change in fund balance	<u>\$ 315,975</u>	<u>\$ (256,797)</u>	<u>\$ 572,772</u>

The budget for 2022-2023 represents an increase in total expenditures of \$ 2,936,472 or 5.87%. This increase is caused by increases in cyber charter school costs, costs for outside placements of students for specific needs, and an increase in teaching positions primarily to address students emotional and mental health. The remaining increase in costs are due to normal operations for utilities, supplies, and contracted personnel costs. The 2022-2023 budgeted revenues reflect a millage increase of .562 or 3.0%. The 2022-2023 real estate tax rate is 19.2959 mills and is calculated on each property's assessed value in each of the eight municipalities located within the Northern York County School District. The Board of School Directors approved a balanced budget for the 2022-2023 fiscal year, which includes as surplus of \$ 315,975.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Budgeted employee health care premiums increased at a rate of 6.0% for 2022-2023. The School District has implemented premium sharing with some personnel as well as a deductible for all employees in an effort to reduce annual premium increases.

The 2021-2022 general fund unassigned fund balance of \$ 5,523,948 represents 10.43% of 2022-2023 budgeted expenditures. The fund balance is held to offset unforeseen expenditures and to fund future School District expenditures. It is also needed to pay bills over the summer months before the majority of revenues begins to flow in late summer.

During 2006, the Pennsylvania State Legislators passed Act 1 which is also called the Homeowner Property Tax Relief Act. The passage of this Act coincided with the enactment of Act 72 which is commonly referred to as the "Slots Bill". With the passage of these two pieces of legislation, the State intended to tax newly created gaming proceeds and use a portion of those funds to give a property tax credit to certain groups of residents. The 2022-2023 budget reflects the estimated receipt of \$ 915,000 from the state to be used to reduce property taxes. Northern York County's adjusted index for 2022-2023 was set at 4.4%. The School District did not go to the full index and raised the rate by 3.0%. The School District's adjusted index for 2023-2024 was set at 5.3%. This index limits the rate of increase on tax mills.

The 2021-2022 fiscal year was the first year of a five-year contract with the Northern York Education Association (NYEA).

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The School District's financial report is intended to provide the readers with a general overview of the School District's finances and to show the Board's accountability for the funds it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office of the Northern York County School District, 650 S. Baltimore Street, Dillsburg, PA 17019, and (717) 432-8691, ext. 1100.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2022 with Summarized Comparative Totals for 2021

	Governmental Activities	Business-Type Activities	Total	2021 Summarized
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 8,373,650	\$ 618,337	\$ 8,991,987	\$ 6,946,201
Receivables				
Taxes, net	2,137,853	-	2,137,853	1,695,983
Intergovernmental	2,517,514	2,087	2,519,601	2,759,864
Other	112,633	55,649	168,282	182,898
Internal balances	46,433	(46,433)	-	-
Leases	34,203	-	34,203	-
Inventories	214,089	38,435	252,524	243,143
Prepaid items	63,865	9,182	73,047	66,545
Total current assets	<u>13,500,240</u>	<u>677,257</u>	<u>14,177,497</u>	<u>11,894,634</u>
Noncurrent Assets				
Leases receivable	5,782	-	5,782	-
Capital assets not being depreciated				
Land	324,188	-	324,188	324,188
Construction in progress	2,546,472	-	2,546,472	933,445
Capital assets net of accumulated depreciation/amortization				
Site improvements	902,188	-	902,188	1,028,955
Buildings	48,316,664	-	48,316,664	48,679,468
Equipment, furniture and fixtures	1,074,573	69,226	1,143,799	1,198,197
Right-to-use asset - equipment	105,859	-	105,859	-
Total noncurrent assets	<u>53,275,726</u>	<u>69,226</u>	<u>53,344,952</u>	<u>52,164,253</u>
TOTAL ASSETS	<u>66,775,966</u>	<u>746,483</u>	<u>67,522,449</u>	<u>64,058,887</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	10,028,240	238,327	10,266,567	11,000,073
Deferred outflows related to OPEB liability	1,754,547	38,164	1,792,711	1,687,524
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>11,782,787</u>	<u>276,491</u>	<u>12,059,278</u>	<u>12,687,597</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 78,558,753</u>	<u>\$ 1,022,974</u>	<u>\$ 79,581,727</u>	<u>\$ 76,746,484</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 997,006	\$ 330	\$ 997,336	\$ 751,025
Accrued salaries and benefits/withholdings	3,125,613	-	3,125,613	3,034,009
Accrued interest	122,448	-	122,448	128,560
Unearned revenue	26,647	-	26,647	3,181
Other Payables	-	52,043	52,043	58,057
Portion due or payable within one year				
General obligation bonds and notes payable	3,404,140	-	3,404,140	3,233,300
Lease obligations	25,014	-	25,014	81,141
Compensated absences	160,471	5,800	166,271	191,857
Total current liabilities	<u>7,861,339</u>	<u>58,173</u>	<u>7,919,512</u>	<u>7,481,130</u>
Noncurrent liabilities				
Portion due or payable after one year				
General obligation bonds and notes payable	27,262,437	-	27,262,437	28,457,545
Lease obligations	82,202	-	82,202	296,806
Compensated absences	839,716	27,820	867,536	912,046
Net pension liability	56,639,353	1,127,466	57,766,819	70,904,183
OPEB liability	8,107,276	138,445	8,245,721	7,893,017
Total noncurrent liabilities	<u>92,930,984</u>	<u>1,293,731</u>	<u>94,224,715</u>	<u>108,463,597</u>
TOTAL LIABILITIES	<u>100,792,323</u>	<u>1,351,904</u>	<u>102,144,227</u>	<u>115,944,727</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to lease obligations	39,674	-	39,674	-
Deferred inflows related to pension liability	11,669,948	269,710	11,939,658	3,122,683
Deferred inflows related to OPEB liability	628,827	13,591	642,418	503,987
Deferred (gain) charge on bond refunding	657,143	-	657,143	24,472
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,995,592</u>	<u>283,301</u>	<u>13,278,893</u>	<u>3,651,142</u>
NET POSITION				
Net investment in capital assets	22,158,982	69,226	22,228,208	18,778,530
Restricted	608,936	-	608,936	1,434,014
Unrestricted	(57,997,080)	(681,457)	(58,678,537)	(63,061,929)
TOTAL NET POSITION	<u>(35,229,162)</u>	<u>(612,231)</u>	<u>(35,841,393)</u>	<u>(42,849,385)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 78,558,753</u>	<u>\$ 1,022,974</u>	<u>\$ 79,581,727</u>	<u>\$ 76,746,484</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	2021 Summarized
Governmental activities:								
Instruction	\$ 32,246,285	\$ 109,437	\$ 7,532,183	\$ -	\$ (24,604,665)	\$ -	\$ (24,604,665)	\$ (25,444,361)
Instructional student support	4,135,154	-	538,523	-	(3,596,631)	-	(3,596,631)	(3,774,662)
Administrative and financial support services	5,525,817	-	494,053	-	(5,031,764)	-	(5,031,764)	(5,223,173)
Operation and maintenance of plant services	4,144,021	43,772	234,262	-	(3,865,987)	-	(3,865,987)	(3,784,749)
Pupil transportation	2,939,404	-	1,348,122	-	(1,591,282)	-	(1,591,282)	(898,824)
Student activities	1,523,139	243,002	126,201	-	(1,153,936)	-	(1,153,936)	(1,237,865)
Community services	1,346	-	974	-	(372)	-	(372)	(1,112)
Interest expense and bond issue costs	949,328	-	-	568,531	(380,797)	-	(380,797)	(349,166)
Total governmental activities	<u>51,464,494</u>	<u>396,211</u>	<u>10,274,318</u>	<u>568,531</u>	<u>(40,225,434)</u>	<u>-</u>	<u>(40,225,434)</u>	<u>(40,713,912)</u>
Business-type activities:								
Food services	<u>1,400,093</u>	<u>215,276</u>	<u>1,844,933</u>	<u>-</u>	<u>-</u>	<u>660,116</u>	<u>660,116</u>	<u>(47,476)</u>
Total primary government	<u>\$ 52,864,587</u>	<u>\$ 611,487</u>	<u>\$ 12,119,251</u>	<u>\$ 568,531</u>	<u>(40,225,434)</u>	<u>660,116</u>	<u>(39,565,318)</u>	<u>(40,761,388)</u>
General revenues and transfers:								
Property taxes levied for general purposes, public utility realty tax, earned income tax					37,584,317	-	37,584,317	32,352,090
Grants, subsidies and contributions not restricted					8,831,612	-	8,831,612	8,653,533
Investment earnings					14,940	562	15,502	13,788
Gain on sale of capital assets					20,248	-	20,248	113,297
Miscellaneous income					88,748	800	89,548	56,377
Transfers					(24,000)	24,000	-	-
Total general revenues and transfers					<u>46,515,865</u>	<u>25,362</u>	<u>46,541,227</u>	<u>41,189,085</u>
Change in net position					6,290,431	685,478	6,975,909	427,697
Net position - beginning as originally stated					(41,551,676)	(1,297,709)	(42,849,385)	(43,277,082)
Restatement					<u>32,083</u>	<u>-</u>	<u>32,083</u>	<u>-</u>
Net position - beginning, as restated					<u>(41,519,593)</u>	<u>(1,297,709)</u>	<u>(42,817,302)</u>	<u>(43,277,082)</u>
Net position - ending					<u>\$ (35,229,162)</u>	<u>\$ (612,231)</u>	<u>\$ (35,841,393)</u>	<u>\$ (42,849,385)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022 with Summarized Comparative Totals for 2021

	General Fund	Capital Reserve Fund	Capital Projects Fund	Turf Field Fund	Total Governmental Funds	2021 Summarized
ASSETS						
Cash and cash equivalents	\$ 7,463,609	\$ 419,383	\$ 325,124	\$ 165,534	\$ 8,373,650	\$ 6,826,882
Taxes receivable, net	2,137,853	-	-	-	2,137,853	1,695,983
Due from other funds	50,881	-	-	10,000	60,881	317,751
Intergovernmental receivables	2,517,514	-	-	-	2,517,514	2,607,077
Other receivables	112,633	-	-	-	112,633	125,057
Leases receivable	39,985	-	-	-	39,985	-
Inventories	214,089	-	-	-	214,089	218,497
Prepaid items	63,865	-	-	-	63,865	66,545
Total assets	<u>\$ 12,600,429</u>	<u>\$ 419,383</u>	<u>\$ 325,124</u>	<u>\$ 175,534</u>	<u>\$ 13,520,470</u>	<u>\$ 11,857,792</u>
LIABILITIES						
Accounts payable	\$ 789,277	\$ 28,994	\$ 5,150	\$ 173,585	\$ 997,006	\$ 748,983
Accrued salaries and benefits/withholdings	3,125,613	-	-	-	3,125,613	3,034,009
Unearned revenue	26,647	-	-	-	26,647	3,181
Due to other funds	14,448	-	-	-	14,448	1,330
Total liabilities	<u>3,955,985</u>	<u>28,994</u>	<u>5,150</u>	<u>173,585</u>	<u>4,163,714</u>	<u>3,787,503</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	39,674	-	-	-	39,674	-
Unavailable tax revenue	1,002,967	-	-	-	1,002,967	601,335
Total deferred inflows of resources	<u>1,042,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,042,641</u>	<u>601,335</u>
FUND BALANCES						
Nonspendable fund balance						
Inventories	214,089	-	-	-	214,089	218,497
Prepaid items	63,865	-	-	-	63,865	66,545
Spendable fund balance						
Restricted fund balance						
Scholarships	216,598	-	-	-	216,598	234,613
Future capital improvements	-	390,389	319,974	1,949	712,312	1,199,401
Committed fund balance						
Special needs	210,000	-	-	-	210,000	210,000
Transportation	40,000	-	-	-	40,000	40,000
Debt service	1,100,000	-	-	-	1,100,000	-
Student activities	146,228	-	-	-	146,228	124,136
Assigned fund balance						
Special school accounts	87,075	-	-	-	87,075	89,318
Subsequent year budgeted use of fund balance	-	-	-	-	-	256,797
Unassigned fund balance	5,523,948	-	-	-	5,523,948	5,029,647
Total fund balances	<u>7,601,803</u>	<u>390,389</u>	<u>319,974</u>	<u>1,949</u>	<u>8,314,115</u>	<u>7,468,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,600,429</u>	<u>\$ 419,383</u>	<u>\$ 325,124</u>	<u>\$ 175,534</u>	<u>\$ 13,520,470</u>	<u>\$ 11,857,792</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2022

Total fund balances - governmental funds \$ 8,314,115

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of assets	95,452,167	
Accumulated depreciation/amortization	<u>(42,182,223)</u>	
		53,269,944

Certain receivables are not available to pay for current period expenditures and therefore are not reported in the fund financial statements, but are reported in governmental activities of the Statement of Net Position.

Taxes receivable		1,002,967
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Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and associated deferred inflows and outflows of resources consist of:

Bonds, notes payable, and financed purchases net of discount and premium	(30,666,577)	
Deferred charge on bond refunding	(657,143)	
Accrued interest on bonds	(122,448)	
Compensated absences	(1,000,187)	
Lease obligations	(107,216)	
Net pension liability	(56,639,353)	
Deferred outflows related to pension liability	10,028,240	
Deferred inflows related to pension liability	(11,669,948)	
OPEB liability	(8,107,276)	
Deferred outflows related to OPEB liability	1,754,547	
Deferred inflows related to OPEB liability	<u>(628,827)</u>	
		<u>(97,816,188)</u>

Net position of governmental activities in the Statement of Net Position \$ (35,229,162)

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

	General Fund	Capital Reserve Fund	Capital Projects Fund	Turf Field Fund	Total Governmental Funds	2021 Summarized
REVENUES						
Local revenues						
Taxes	\$ 37,182,685	\$ -	\$ -	\$ -	\$ 37,182,685	\$ 32,670,303
Investment earnings	13,367	557	564	452	14,940	13,775
Revenue from intermediate sources	708,257	-	-	-	708,257	627,956
Other	513,246	-	-	-	513,246	463,393
State sources	17,573,461	-	-	-	17,573,461	17,131,774
Federal sources	1,313,009	-	-	-	1,313,009	1,739,795
Total revenues	<u>57,304,025</u>	<u>557</u>	<u>564</u>	<u>452</u>	<u>57,305,598</u>	<u>52,646,996</u>
EXPENDITURES						
Instruction	32,914,775	-	-	-	32,914,775	30,535,019
Support services	17,197,068	-	-	-	17,197,068	15,472,850
Operation of noninstructional services	1,526,292	-	-	-	1,526,292	1,391,096
Facilities acquisition, construction and improvements	36,374	244,631	685,528	2,382,836	3,349,369	1,401,934
Debt service:						
Principal	2,966,781	-	-	-	2,966,781	3,426,911
Interest	1,057,113	-	-	-	1,057,113	1,006,771
Bond issue costs	168,661	-	-	25,667	194,328	233,963
Total expenditures	<u>55,867,064</u>	<u>244,631</u>	<u>685,528</u>	<u>2,408,503</u>	<u>59,205,726</u>	<u>53,468,544</u>
Excess (deficiency) of revenues over expenditures	<u>1,436,961</u>	<u>(244,074)</u>	<u>(684,964)</u>	<u>(2,408,051)</u>	<u>(1,900,128)</u>	<u>(821,548)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term financing and leases	8,668,303	-	-	2,400,000	11,068,303	14,720,000
Refunding of G.O. Bonds	(8,603,526)	-	-	-	(8,603,526)	(13,818,840)
Bond premium	232,817	-	-	-	232,817	1,340,409
Proceeds from sale of assets	20,248	-	-	-	20,248	115,297
Proceeds from insurance	51,447	-	-	-	51,447	4,166
Interfund transfers	(474,000)	440,000	-	10,000	(24,000)	-
Total other financing sources and uses	<u>(104,711)</u>	<u>440,000</u>	<u>-</u>	<u>2,410,000</u>	<u>2,745,289</u>	<u>2,361,032</u>
Net change in fund balances	1,332,250	195,926	(684,964)	1,949	845,161	1,539,484
Fund balances - beginning	<u>6,269,553</u>	<u>194,463</u>	<u>1,004,938</u>	<u>-</u>	<u>7,468,954</u>	<u>5,929,470</u>
Fund balances - ending	<u>\$ 7,601,803</u>	<u>\$ 390,389</u>	<u>\$ 319,974</u>	<u>\$ 1,949</u>	<u>\$ 8,314,115</u>	<u>\$ 7,468,954</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ 845,161

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$ 3,510,220) differed from depreciation/amortization expense (\$ 2,337,000) in the current period. 1,173,220

Because certain taxes will not be collected for several months after the School District's fiscal year end, they are not considered as "available" revenues in the governmental funds. This is the change in the receivable balance for the government-wide statements. 401,632

Proceeds of lease transactions provide current financial resources to governmental funds, but have no effect on net position. (123,303)

The issuance of long term obligations (bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of principal of long term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

Repayment of general obligation bonds/notes and financed purchases- principal	3,008,128
Issuance of general obligation bonds	(10,945,000)
Payment to refund bonds	8,600,000
Bond premium	(232,817)
Amortization of bond premiums, discounts, deferred charge on bond refunding and prepaid bond insurance	307,149
Repayment of lease obligations - principal	27,315

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:

Accrued interest	6,112
Net pension liability and related deferred outflows and inflows	3,525,067
OPEB liability and related deferred outflows and inflows	(374,739)
Compensated absences	72,506

Change in net position of governmental activities \$ 6,290,431

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Net Position - Proprietary Fund
June 30, 2022 with Summarized Comparative Totals for 2021

	Food Service	2021 Summarized
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 618,337	\$ 119,319
Due from other funds	4,448	1,330
Intergovernmental receivables	2,087	152,787
Receivable from students, net	38,317	51,817
Other receivables	17,332	6,024
Inventories	38,435	24,646
Prepaid items	9,182	-
Total current assets	<u>728,138</u>	<u>355,923</u>
Noncurrent Assets		
Furniture and equipment	1,025,303	1,025,303
Accumulated depreciation	<u>(956,077)</u>	<u>(946,547)</u>
Total noncurrent assets	<u>69,226</u>	<u>78,756</u>
Total assets	<u>797,364</u>	<u>434,679</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension liability	238,327	273,305
Deferred outflows related to OPEB liability	<u>38,164</u>	<u>33,481</u>
Total deferred outflows	<u>276,491</u>	<u>306,786</u>
Total assets and deferred outflows of resources	<u>\$ 1,073,855</u>	<u>\$ 741,465</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 330	\$ 2,042
Due to other funds	50,881	317,751
Compensated absences	5,800	5,414
Other payables	<u>52,043</u>	<u>58,057</u>
Total current liabilities	<u>109,054</u>	<u>383,264</u>
Noncurrent Liabilities		
Compensated absences	27,820	25,796
OPEB liability	138,445	124,394
Net pension liability	<u>1,127,466</u>	<u>1,324,679</u>
Total noncurrent liabilities	<u>1,293,731</u>	<u>1,474,869</u>
Total liabilities	<u>1,402,785</u>	<u>1,858,133</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension liability	269,710	169,291
Deferred inflows related to OPEB liability	<u>13,591</u>	<u>11,750</u>
Total deferred inflows	<u>283,301</u>	<u>181,041</u>
NET POSITION		
Net investment in capital assets	69,226	78,756
Unrestricted	<u>(681,457)</u>	<u>(1,376,465)</u>
Total net position	<u>(612,231)</u>	<u>(1,297,709)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,073,855</u>	<u>\$ 741,465</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

	Food Service	2021 Summarized
OPERATING REVENUE		
Charges for services	\$ 216,076	\$ 61,069
Total operating revenues	<u>216,076</u>	<u>61,069</u>
OPERATING EXPENSES		
Food and milk purchases	723,018	378,652
Salaries	437,700	386,170
Employee benefits	216,973	250,478
Supplies	12,872	11,048
Depreciation	9,530	9,535
Purchased services	-	47,995
Total operating expenses	<u>1,400,093</u>	<u>1,083,878</u>
Operating (loss)	<u>(1,184,017)</u>	<u>(1,022,809)</u>
NONOPERATING REVENUES		
Federal subsidies	1,709,588	863,999
State subsidies	135,345	111,334
Interest income	562	13
Total nonoperating revenue	<u>1,845,495</u>	<u>975,346</u>
Income (loss) before transfers	<u>661,478</u>	<u>(47,463)</u>
TRANSFERS		
Interfund transfers	<u>24,000</u>	<u>-</u>
Change in net position	685,478	(47,463)
Total net position - beginning	<u>(1,297,709)</u>	<u>(1,250,246)</u>
Total net position - ending	<u>\$ (612,231)</u>	<u>\$ (1,297,709)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

	Food Service	2021 Summarized
Cash flows from operating activities		
Cash received from food sales	\$ 209,136	\$ 201,453
Cash payments to suppliers for goods	(680,810)	(340,419)
Cash payments to and on behalf of employees	(969,740)	(555,853)
Cash payments for services	-	(47,995)
Net cash used for operating activities	<u>(1,441,414)</u>	<u>(742,814)</u>
Cash flows from noncapital financing activities		
Transfers from other funds	24,000	-
Federal subsidies	1,774,766	697,194
State subsidies	141,104	106,711
Net cash provided by noncapital financing activities	<u>1,939,870</u>	<u>803,905</u>
Cash flows from investing activities		
Earnings on investments	<u>562</u>	<u>13</u>
Net increase (decrease) in cash and cash equivalents	499,018	61,104
Cash and cash equivalents - beginning	<u>119,319</u>	<u>58,215</u>
Cash and cash equivalents - ending	<u>\$ 618,337</u>	<u>\$ 119,319</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities		
Cash flows from operating activities		
Operating loss	\$ (1,184,017)	\$ (1,022,809)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Donated food used	79,763	51,150
Depreciation	9,530	9,534
(Increase) decrease in:		
Inventory	(13,789)	11
Prepaid items	(9,182)	-
Accounts receivable	2,192	23,386
Due from other funds	(3,118)	112,070
Increase (decrease) in:		
Compensated absences	2,410	3,426
OPEB liability and related items	11,209	(5,209)
Net pension liability and related items	(61,816)	(12,894)
Due to other funds	(266,870)	95,475
Accounts payable	<u>(7,726)</u>	<u>3,046</u>
Total adjustments	<u>(257,397)</u>	<u>279,995</u>
Net cash used for operating activities	<u>\$ (1,441,414)</u>	<u>\$ (742,814)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2022 with Summarized Comparative Totals for 2021

	Custodial Funds	2021 Summarized
ASSETS		
Cash and cash equivalents	\$ 15,493	\$ 16,157
Total assets	<u>\$ 15,493</u>	<u>\$ 16,157</u>
NET POSITION		
Restricted for:		
Student activities	\$ 15,493	16,157
Total net position	<u>\$ 15,493</u>	<u>\$ 16,157</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

	Custodial Funds	2021 Summarized
ADDITIONS		
Fundraising	\$ 34,744	\$ 23,547
Sales	9,821	8,223
Contributions	35,927	4,078
Total additions	<u>80,492</u>	<u>35,848</u>
DEDUCTIONS		
Contributions	32,708	42,746
Travel	16,075	717
Supplies	20,634	8,452
Conferences	10,173	4
Dues	1,566	-
Total deductions	<u>81,156</u>	<u>51,919</u>
Change in net position	(664)	(16,071)
Net position - beginning	<u>16,157</u>	<u>32,228</u>
Net position - ending	<u>\$ 15,493</u>	<u>\$ 16,157</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Northern York County School District (School District) operates a public school system which is geographically comprised of the Boroughs of Dillsburg, Franklinton, and Wellsville and Townships of Carroll, Franklin, Monaghan, Warrington, and Washington in York County, Pennsylvania.

The School District consists of Northern High School, Northern Middle School; and the Dillsburg, Northern, South Mountain and Wellsville Elementary Schools; as well as the School District Administration Office and the Sports and Learning Center.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The School District is not a component unit of any other entities.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. A legally separate, tax-exempt organization should be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. In the case of the School District, this would include benefiting the students of the School District.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. The ability of a primary government to otherwise access the resources of an organization does not necessarily imply control over the organization or its resources. This access can be demonstrated if historically the primary government has received, directly or indirectly, a majority of the economic resources provided by the organization, or the organization has previously honored requests to provide resources to the organization.
3. The economic resources received or held by the individual organization, that the primary government is entitled to, or has the ability to otherwise access, is significant to the primary government.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Polar Bear Foundation was evaluated as a potential component unit, but it was determined to not meet all of the criteria necessary to be considered a component unit.

The following joint ventures are not component units of Northern York County School District and are not included in this report.

Cumberland-Perry Area Career and Technical Center - is a separate legal entity organized by thirteen local school districts. The School is operated, administered and managed by a joint operating committee consisting of board members from the thirteen member school districts. These members are elected from their individual school district board of directors. The School District's share of annual operating costs of CPACTC is reflected as intergovernmental expenditures of the General Fund.

Capital Area Intermediate Unit - is a separate legal entity organized by constituent school districts in Cumberland, Dauphin, Perry, and York counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training.

York County School of Technology - is a separate legal entity with fourteen member districts. The School is operated, administered, and managed by a joint operating committee consisting of board members from the fourteen member school districts. Northern York County School District is a non-member district of the School and expenditures relate to students living within Washington Township. The School District's share of annual operating costs of the School is reflected as intergovernmental expenditures of the General Fund.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office. The School District has no equity interest in any of the above joint ventures.

Fund Accounting

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

1. Governmental Funds

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

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The School District reports the following major governmental funds:

a. General Fund

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

b. Capital Reserve Fund

This fund is authorized under by Municipal Code P.L. 145, Act of April 30, 1943, accounts for (1) moneys transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the treasury of the School District at the end of any fiscal year, and (3) interest earnings of the fund itself. These funds must be used for capital improvements.

c. Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the School District's natatorium renovation project.

d. Turf Field Fund

The Turf Field Fund is used to account for financial resources to be used for the School District's turf field construction project.

2. Proprietary Fund

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

Food Service Fund – Enterprise Fund – Major Fund

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

3. Fiduciary Funds

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 custodial funds. Custodial funds are used to account for fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The School District reports the Student Activities as a custodial fund.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and 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 government 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 is recognized when the related expenditures are incurred and available, which is generally 60 days; accordingly, when such funds are received, they are recorded as liabilities until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, including charges for meals, and the costs of food, salaries and benefits, depreciation, and other expenses. Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs.

Budgets and Budgetary Accounting

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

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

1. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.
3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

4. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency. These programs frequently result in supplementary budget appropriations.

During 2021/2022, the School District overspent the budgeted expenditures of the General Fund, which is a violation of the Pennsylvania School Code, but is not expected to result in any negative implications of the School District.

Capital budgets are not implemented for capital improvements in the Capital Reserve Fund, Capital Projects Fund, and Turf Field Fund. All transactions of the Capital Reserve Fund, Capital Projects Fund, and Turf Field Fund are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, PLGIT accounts, PSDLAF accounts, and certificates of deposit with an original maturity of less than 90 days owned by the School District. Investments include certificates of deposit with an original maturity of greater than 90 days. Investments are stated at market value. Accrued interest is included with other receivables on the balance sheet.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventory

Inventory in the Food Service Fund consists of expendable supplies and food (valued at cost) held for consumption. The expendable supplies are recorded as an expenditure when used. The cost of governmental fund inventories are recorded as expenditures when purchased in the fund financial statements and the asset (valued at cost) at June 30 is offset by nonspendable fund balance. Governmental fund supplies inventories are capitalized at cost and expensed as used on the government-wide financial statements.

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.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received. The School District maintains a capitalization threshold of \$ 1,500. The School 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 expensed. Interest incurred during the construction of capital assets is not capitalized.

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

	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	20 – 50 years	N/A
Buildings	20 – 50 years	N/A
Equipment, Furniture and Fixtures	5 – 20 years	5 – 12 years
Right-to-use asset – leased equipment	1 – 5 years	N/A

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including the deferred charge on bond refunding, and amounts deferred due to various impacts of the accounting for Pension and OPEB liabilities. A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The OPEB and pension amounts deferred will be amortized as described in Note 11 and Note 12, respectively.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources on the statement of net position at June 30, 2022 consist of various impacts of the accounting for OPEB and pension liabilities as detailed in Note 11 and Note 12, respectively, and future revenues related to leases (on the statement of net position and the balance sheet for governmental funds). The School District also reports unavailable revenue on the governmental funds balance sheet as a deferred inflow of resources.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity/Internal Balances

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

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

Long-Term Obligations

In the government-wide 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. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts, deferred charge on bond refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred (gain)/charge on bond refunding is reported as deferred outflows of resources and amortized over the term of the related debt. Prepaid bond insurance costs are reported as an asset and amortized over the term of the related debt. Other bond issuance costs are expensed at the time the debt is issued.

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 and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Leases

During the year ended June 30, 2022, the District adopted GASB No. 87 for the reporting of leases.

Lessee: The School District is a lessee for four noncancellable leases of equipment. The School District recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: The School District is a lessor for two noncancellable leases of building space. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Retirement Plans

The School District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School District accounts for the plan under the provisions of the GASB Statements, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans (Continued)

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 Systems (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.

Compensated Absences

Liability for compensated absences is accounted for in accordance with the provisions of the GASB, which requires entities to accrue for employees' rights to receive compensation for vacation leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned, and payment becomes probable.

The estimate of the liability for the accumulated unpaid sick leave has been calculated using the vesting method in accordance with provisions of the GASB. Under that method, the School District has identified the accrued sick leave benefit earned to date by each employee, determined the cost of that benefit by reference to the benefit provisions and the current rates paid by the School District, and estimated the probability of the payment of that benefit to employees upon retirement.

Liabilities for vested, unused vacation, sick pay, and personal leave are recorded in the proprietary funds and the government-wide financial statements and are expensed as incurred.

Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund financial statements.

Other Postemployment Benefits Other Than Pensions

The School District provides postemployment benefits by permitting retired employees the ability to participate in the employee health plan through a single employer defined benefit other post-employment health plan (OPEB) at the same premium rate, albeit 100% paid for by the retirees. Consequently, the School District is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis.

The School District also participates in a governmental cost sharing multiple-employer OPEB plan with PSERS for all eligible employees 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 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 benefit terms. Investments are reported at fair value.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position- Government-Wide/Proprietary Funds

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This component consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in this component of net position.

Restricted Net Position: This component consists of net position with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Restricted net position as of June 30, 2022 consists of \$ 392,338 for future capital improvements and \$ 216,598 for scholarships.

Unrestricted Net Position: This category of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the School Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position- Government-Wide/Proprietary Funds

Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School District's Board, or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the School Board or the Business Manager has the authority to make assignments of fund balance. The assignment of fund balance cannot result in a negative unassigned fund balance.

Unassigned: This classification represents the portion of spendable fund balance that has not been categorized as restricted, committed or assigned. The General Fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

Policy Regarding Order of Spending

When fund balance resources are available for a specific purpose in multiple classifications, the School District's policy is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned and committed. Assigned or committed resources would only be used upon specific authorization by the School Board, or the Business Manager in the case of assigned fund balance.

Minimum Fund Balance

The School District strives to maintain an unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of portions including committed, assigned, and unassigned, should not exceed eight percent (8%).

If the unassigned portion of the fund balance falls below the threshold of four percent (4%), the Board will pursue variations of increasing revenues and decreasing expenditures or a combination of both until four percent (4%) is attained. If the assigned and unassigned portions of the fund balance exceed eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

Use of Estimates

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

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements as it was originally reported in order to provide an understanding of changes in the School District's financial position and results of operations. This prior year summarized comparative information is not presented in the level of detail required for presentation in conformity with generally accepted accounting principles. In addition, the information was not restated for any impact of the adoption of new accounting standards such as the adoption of the lease accounting standard as of July 1, 2021. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE 2 CASH AND INVESTMENTS

Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government and Federal agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity.
- Shares of an investment company restricted under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any Federal agency, instrumentality, or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days' maturity.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a policy for custodial credit risk. As of June 30, 2022, all of the School District's deposits are covered by FDIC.

Pennsylvania 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 pledger of the assets.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

Based on the standards outlined in Act 72, the various banks utilized by the School District have pledged collateral on a pooled basis on behalf of the School District and all other governmental depositors in the respective financial institutions.

Credit Risk – Investments

The School District invests in external investment pools with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT). As of June 30, 2022, the School District had the following investments:

Investment	Fair Value
PA Local Government Investment Trust (PLGIT)	\$ 920,292
PA School District Liquid Asset Fund - PSDMAX	4,057,629
PA School District Liquid Asset Fund - Full Flex Account	5,007,420
	<u>\$ 9,985,341</u>

Included in cash and cash equivalents on the statement of net position are pooled investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF-MAX) of \$ 4,057,629 and PSDLAF full flex pool of \$ 5,007,420. The PSDLAF investments are essentially a mutual fund that consists of short-term money market instruments and seeks to maintain a constant net asset value of \$ 1 per share. PSDLAF deposits are invested by PSDLAF directly in portfolios of securities held by a third-party custodian and are collateralized with securities held by the PSDLAF agent in a collateral pool.

Included in cash and cash equivalents on the statement of net position are investments in Pennsylvania Local Government Investment Trust (PLGIT) of \$ 920,292. PLGIT operates like a money market and seeks to maintain a stable net asset value of \$ 1 per share. PLGIT portfolio funds are invested in United States Treasury bills; obligations, participations, or other instruments of any Federal agency, instrumentality or United States government-sponsored enterprise; deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund; obligations guaranteed or insured by the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the Commonwealth; and repurchase agreements involving United States Government and agency obligations.

Policies Followed at PSDLAF and PLGIT

PSDLAF and PLGIT are not registered with the Securities and Exchange Commission (SEC); however, PSDLAF and PLGIT follow investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The School District's investments in PSDLAF and PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

The School District has no limitations or restrictions on withdrawals on accounts held at PSDLAF or PLGIT.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Policies Followed at PSDLAF and PLGIT (Continued)

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of June 30, 2022, the School District’s investments were rated as:

<u>Investment</u>	<u>S&P Global Ratings</u>
PA School District Liquid Asset Fund	AAAm
PA Local Government Investment Trust	AAAm

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The School District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) - Max and Pennsylvania Local Government Investment Trust (PLGIT) are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions. Investments in the PSDLAF full flex fund have weekly liquidity.

NOTE 3 TAXES

Real estate taxes are considered fully collectible since liens can be filed on properties. The uncollectible portion of per capita taxes was estimated based on previous collection experience.

Property taxes are levied as of July 15 on assessed property values. The tax bills are mailed by the Tax Collectors on July 1 and are payable as follows:

Discount	July 15 – September 15
Face	September 16 – November 15
Penalty	November 16 - January 15

After January 15, the bills are considered delinquent and turned over to the County Tax Claim Bureau for collection.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 4 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Taxes receivable and related deferred inflows of resources in the financial statements consist of the following as of June 30, 2022:

Real estate	\$ 612,059
Earned income	1,463,440
Per capita	<u>80,315</u>
	2,155,814
Reserve for uncollectible accounts	<u>(17,961)</u>
Taxes receivable, net	2,137,853
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(1,134,886)</u>
Taxes estimated to be collected after sixty days (unavailable), recorded as deferred inflows of resources in governmental funds	<u>\$ 1,002,967</u>

Tax Abatements

Pennsylvania Clean and Green Program

Clean and Green is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in tax savings for landowners.

Property owners can apply at the York County tax assessment office for their property to be included in Pennsylvania’s Clean and Green program. The program was enacted as a tool to encourage protection of the Commonwealth’s valuable farmland, forestland, and open spaces. To be eligible, a property must be at least ten acres in size, and in Agriculture Use, Agriculture Reserve, or Forest Reserve. Agricultural Use applications may be less than ten acres in size if the property is capable of generating at least \$ 2,000 annually in farm income. A landowner who breaches the covenant is subject to seven years of rollback taxes at 6% interest per year. The rollback tax is the difference between what was paid under Clean and Green versus what would have been paid, if the property had not been enrolled, plus 6% simple interest per year.

For the fiscal year ended June 30, 2022, total School District property taxes of \$ 3,455,562 were abated under this program.

NOTE 5 LEASE RECEIVABLE/DEFERRED INFLOWS

The School District has entered into two leases for use of building space. The leases have varying terms that run through 2023 and require monthly payments ranging from \$ 242 to \$ 2,658 based on the School District’s estimated interest rate of 2.45%. The ending lease receivable of \$ 39,985 and associated deferred inflow of \$ 39,674 is shown on the government wide statement of net position and governmental fund balance sheet. For the year ended June 30, 2022, the School District recognized lease revenue of \$ 33,526 and interest revenue of \$ 1,274 associated with these leases.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 6 INTERNAL BALANCES

Interfund receivables/payables consist of the following at June 30, 2022:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 50,881	\$ 14,448
Food Service	4,448	50,881
Turf Field Fund	10,000	-
	<u>\$ 65,329</u>	<u>\$ 65,329</u>

The Food Service Fund owes the General Fund for reimbursement of salaries and related benefits. The General Fund owes the Food Service Fund for student receivables. The General Fund owes the Turf Field Fund to cover current year expenses.

Interfund transfers consist of the following for the year ended June 30, 2022:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 474,000
Capital Reserve	440,000	-
Turf Field Fund	10,000	-
Food Service	24,000	-
	<u>\$ 474,000</u>	<u>\$ 474,000</u>

During the current year, a budgeted transfer was made to the Capital Reserve Fund from the General Fund to cover current year expenditures. A transfer was made to the Turf Field Fund from the General Fund to cover current year expenditures. A budgeted transfer was made to the Food Service Fund from the General Fund to help cover salary expenses related to the Food Service Director.

NOTE 7 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2022 consist of the following:

Local:	Deed transfer	\$ 75,542
State:	Social Security	301,531
	Retirement	1,331,862
	Rental	404,276
Federal:	Grants	404,303
	Total governmental activities/governmental funds	<u>\$ 2,517,514</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 8 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2022:

	Beginning Balance as restated	Additions	Retirements	Ending Balance
Governmental Activities				
Cost				
Assets not being depreciated				
Land	\$ 324,188	\$ -	\$ -	\$ 324,188
Construction in progress	933,445	3,104,387	(1,491,360)	2,546,472
Assets being depreciated/amortized:				
Site improvements	2,314,127	-	-	2,314,127
Buildings	83,065,561	1,604,884	-	84,670,445
Equipment, furniture, and fixtures	5,398,080	169,006	(104,681)	5,462,405
Right-to-use asset - leased equipment	11,227	123,303	-	134,530
Total cost	<u>92,046,628</u>	<u>5,001,580</u>	<u>(1,596,041)</u>	<u>95,452,167</u>
Less accumulated depreciation/amortization				
Site improvements	(1,285,172)	(126,767)	-	(1,411,939)
Buildings	(34,386,093)	(1,967,688)	-	(36,353,781)
Equipment, furniture, and fixtures	(4,278,639)	(213,874)	104,681	(4,387,832)
Right-to-use asset - leased equipment	-	(28,671)	-	(28,671)
Total accumulated depreciation/amortization	<u>(39,949,904)</u>	<u>(2,337,000)</u>	<u>104,681</u>	<u>(42,182,223)</u>
Capital assets, net	<u>\$ 52,096,724</u>	<u>\$ 2,664,580</u>	<u>\$ (1,491,360)</u>	<u>\$ 53,269,944</u>
Business-Type Activities				
Cost				
Equipment, furniture and fixtures	\$ 1,025,303	\$ -	\$ -	\$ 1,025,303
Less accumulated depreciation:				
Equipment, furniture and fixtures	(946,547)	(9,530)	-	(956,077)
Capital assets, net	<u>\$ 78,756</u>	<u>\$ (9,530)</u>	<u>\$ -</u>	<u>\$ 69,226</u>

The balance in construction in progress is related to the turf field project and salt shed construction.

Depreciation and amortization expense for the year ended June 30, 2022 was charged to governmental functions as follows:

Instruction	\$ 1,778,924
Instructional student support	89,507
Administrative and financial support services	89,975
Operation and maintenance of plant services	294,696
Student activities	83,898
	<u>\$ 2,337,000</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 9 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

Accrued salaries and benefits/withholdings consist of the following as of June 30, 2022:

Accrued salaries	\$ 1,720,886
Retirement	576,087
Social security	130,703
Health insurance	627,964
Other withholdings	69,973
	<u>\$ 3,125,613</u>

NOTE 10 LONG-TERM LIABILITIES

The changes in long-term liabilities (other than pension and OPEB) during the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
Bonds						
(A) Series of 2017	\$ 8,605,000	\$ -	\$ (8,605,000)	\$ -	\$ -	\$ -
(B) Series of 2019	5,845,000	-	(220,000)	5,625,000	225,000	5,400,000
(C) Series of 2022	-	8,545,000	-	8,545,000	135,000	8,410,000
(D) Series of 2021A	9,820,000	-	(2,705,000)	7,115,000	2,710,000	4,405,000
(E) Series of 2021B	4,900,000	-	-	4,900,000	-	4,900,000
Direct Borrowing						
(F) Series of 2021C	-	2,400,000	-	2,400,000	5,000	2,395,000
(G) Financed purchases	345,863	-	(78,128)	267,735	80,962	186,773
Unamortized bond (discount)/premium	2,520,845	232,817	(939,820)	1,813,842	248,178	1,565,664
Subtotal - bonds and notes payable	<u>32,036,708</u>	<u>11,177,817</u>	<u>(12,547,948)</u>	<u>30,666,577</u>	<u>3,404,140</u>	<u>27,262,437</u>
Compensated absences						
Vacation leave	248,420	250,940	(262,390)	236,970	109,757	127,212
Personal leave	283,415	287,608	(347,877)	223,146	43,324	179,822
Sick leave	540,858	151,137	(151,923)	540,072	7,390	532,682
Subtotal - compensated absences	<u>1,072,693</u>	<u>689,685</u>	<u>(762,190)</u>	<u>1,000,188</u>	<u>160,471</u>	<u>839,716</u>
Lease obligations	11,227	123,303	(27,314)	107,216	25,014	82,202
Total long-term liabilities	<u>\$ 33,120,628</u>	<u>\$ 11,990,805</u>	<u>\$ (13,337,452)</u>	<u>\$ 31,773,981</u>	<u>\$ 3,589,625</u>	<u>\$ 28,184,355</u>
Business-Type Activities						
Compensated absences						
Vacation leave	\$ 10,294	\$ 6,117	\$ (5,706)	\$ 10,705	\$ 4,588	\$ 6,117
Personal leave	2,887	3,297	(2,967)	3,217	1,212	2,005
Sick leave	18,029	3,675	(2,006)	19,698	-	19,698
Total long-term liabilities	<u>\$ 31,210</u>	<u>\$ 13,089</u>	<u>\$ (10,679)</u>	<u>\$ 33,620</u>	<u>\$ 5,800</u>	<u>\$ 27,820</u>

(A) On March 1, 2017, the School District issued general obligation bonds - Series of 2017 in the amount of \$ 8,620,000 to provide funds to be used for the planning, design, and construction, and renovation of various buildings and facilities of the School District. The bonds are due in varying amounts on November 15, 2017 to 2029. The bonds bear fixed interest rates ranging from 1.05% to 5.0%. The bonds were refunded with the issuance of the general obligation bonds – Series of 2022.

(B) On October 9, 2019, the School District issued general obligation bonds – Series of 2019 in the amount of \$ 6,310,000 to currently refund the School District’s Series of 2014 bonds, provide funds for future capital projects and to pay the cost of issuing the bond. The bonds are due in varying amounts on May 15, 2020 to 2030. The bonds bear fixed interest rates ranging from 2.0% to 4.0%.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 LONG-TERM LIABILITIES (CONTINUED)

(C) On May 18, 2022, the School District issued general obligation bonds – Series of 2022 in the amount of \$ 8,545,000 to currently refund the School District’s Series of 2017 bonds and to pay the cost of issuing the bond. The bonds are due in varying amounts on November 15, 2022 to 2029. The bonds bear fixed interest rates ranging from 3.0% to 4.0%.

As a result of the refunding, the School District will have the following benefits:

(1) Cash Flow gain	\$ 845,840
(2) Economic gain	\$ 741,513

(1) Represents the difference between the cash flows required to service the old debt and the new debt, less bond issue costs.

(2) Represents the difference in present value of the old debt and new debt, less bond issue costs.

(D) On April 20, 2021, the School District issued general obligation note – Series of 2021A in the amount of \$ 9,820,000 to currently refund the School District’s Series of 2012 bonds, Series of 2015A bonds and to pay the cost of issuing the notes. The notes are due in varying amounts on November 15, 2021 to 2025. The notes bear interest rates ranging from 1.0% to 4.0%.

(E) On April 20, 2021, the School District issued general obligation note – Series of 2021B in the amount of \$ 4,900,000 to fund renovations and improvements to the School District facilities, refund the School District’s Series of 2015 bond and to pay the cost of issuing the notes. The notes are due in varying amounts on November 15, 2025 to 2030. The notes bear interest at a rate of 4%.

(F) On October 21, 2021, the School District issued general obligation note – Series of 2021C in the amount of \$2,400,000 to fund renovations and improvements to the School District facilities and pay the cost of issuing the notes. The notes are due in varying amounts on November 15, 2022 to 2042. The notes bear fixed interest rates ranging from 2.45% to 4.5%.

(G) The School District entered into three financed purchases for the acquisition of computers and energy upgrades. The financed purchases require annual principal and interest payments ranging from \$ 22,634 to \$ 44,951 based on interest rates ranging from 3.12% to 4.00% through 2027.

The School District’s general obligation bonds and notes contain a provision that in the event of default for non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payments to the bond holders.

Lease obligation

The School District entered into four lease agreements ranging from one year to five years as lessee for the acquisition and use of copiers and postage machines. The leases require monthly and quarterly principal and interest payments ranging from \$ 135 to \$ 2,263 based on interest rates ranging between 2.45% and 4.00%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 LONG-TERM LIABILITIES (CONTINUED)

The annual debt requirements for future general obligation bonds as of June 30, 2022 are as follows:

	Bonds		Direct Borrowing		Lease Obligations		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest				
2023	\$ 3,070,000	\$ 865,154	\$ 85,962	\$ 68,436	\$ 25,014	\$ 3,766	\$ 3,180,976	\$ 937,356	\$ 4,118,332	
2024	3,035,000	772,600	180,267	63,978	26,008	2,771	3,241,275	839,349	4,080,624	
2025	3,505,000	654,350	162,333	58,887	27,043	1,736	3,694,376	714,973	4,409,349	
2026	3,455,000	532,575	166,817	54,375	26,895	669	3,648,712	587,619	4,236,331	
2027	2,995,000	409,450	151,356	69,673	2,256	7	3,148,612	479,130	3,627,742	
2028 - 2032	10,125,000	510,275	504,000	377,550	-	-	10,629,000	887,825	11,516,825	
2033 - 2037	-	-	629,000	250,538	-	-	629,000	250,538	879,538	
2038 - 2042	-	-	788,000	91,890	-	-	788,000	91,890	879,890	
	<u>\$ 26,185,000</u>	<u>\$ 3,744,404</u>	<u>\$ 2,667,735</u>	<u>\$ 1,035,327</u>	<u>\$ 107,216</u>	<u>\$ 8,949</u>	<u>\$ 28,959,951</u>	<u>\$ 4,788,680</u>	<u>\$ 33,748,631</u>	

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

School District Plan

The School District provides the continuation of medical and dental benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment for 50% to 100% of the premium cost determined for the purpose of COBRA, depending on the employee group and length of service.

The School District pays 50% of the premiums for medical, dental, and prescription drug benefits for eligible retirees in the administrator's employee group. To be eligible for this group the retiree would have to be a retired administrator with 15 years of continuous services with the School District, 30 years of service with PSERS, and be eligible for retirement with PSERS.

Retired employees in the teacher and support staff groups pay 100% of their premiums for medical, dental, and prescription drug benefits under the School District's postemployment benefit plan.

The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy" by the School District, which gives rise to the benefits. All employees are eligible for this benefit upon reaching PSERS retirement age. The School District's postemployment benefits are administered by School District personnel. The Plan does not issue a separate stand-alone financial statement.

No assets are accumulated in a trust that meets the criteria of GASB standards.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions and Benefits Provided (Continued)

PSERS

In addition to the other postemployment benefit detailed above, the Public School Employees' Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. 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. Healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200. As of June 30, 2020, there were no assumed future benefit increase to participating eligible retirees or employer-sponsored health insurance program.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS' health option program or the employer-sponsored health insurance program.

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.

Plan Membership

School District Plan

Membership in the School District's plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Active participants	328
Retired participants	23
Total	<u>351</u>

Contributions

PSERS

The School District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% 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 the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 166,946 for the year ended June 30, 2022.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

School District Plan

The School District’s total OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by rolling forward the total liability from July 1, 2019 to June 30, 2020 based on an actuarial valuation as of July 1, 2020, which was based on census information as of October 2020. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2022, the School District reported a total OPEB liability of \$ 4,906,274.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$ 560,012.

PSERS

At June 30, 2022, the School District reported a liability of \$ 3,339,447 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The School 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, 2022, the School District’s proportion was 0.1409 percent, which was an decrease of 0.0033 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$ 189,776.

The table below summarizes the combined OPEB liability and OPEB expense:

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	\$ 4,906,274	\$ 560,012
PSERS	<u>3,339,447</u>	<u>189,776</u>
Total	<u>\$ 8,245,721</u>	<u>\$ 749,788</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 4,777,292
Changes for the year:	
Service cost	422,227
Interest	94,421
Changes in assumptions	(160,397)
Benefit payments	<u>(227,269)</u>
Net changes	<u>128,982</u>
Ending Balance	<u>\$ 4,906,274</u>

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 469,208	\$ -	\$ 31,000	\$ -	\$ 500,208	\$ -
Changes in assumptions	510,327	471,434	356,000	45,000	866,327	516,434
Net difference between projected and actual investment earnings	-	-	7,000	-	7,000	-
Changes in proportions - plan	-	-	41,000	112,000	41,000	112,000
Changes in proportions - fund	-	-	12,256	12,256	12,256	12,256
Difference between employer contributions and proportionate share of total contributions	-	-	2,081	1,728	2,081	1,728
Benefit payments/contributions subsequent to the measurement date	<u>196,103</u>	<u>-</u>	<u>167,736</u>	<u>-</u>	<u>363,839</u>	<u>-</u>
	<u>\$ 1,175,638</u>	<u>\$ 471,434</u>	<u>\$ 617,073</u>	<u>\$ 170,984</u>	<u>\$ 1,792,711</u>	<u>\$ 642,418</u>

The amount of \$ 363,839 is reported as deferred outflows of resources related to OPEB resulting from School District benefit payments/contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2022 related to the School District and PSERS plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	School District Plan	PSERS	Total
Year ended June 30:			
2023	\$ 43,364	\$ 43,879	\$ 87,243
2024	43,364	43,879	87,243
2025	43,364	70,879	114,243
2026	43,364	49,380	92,744
2027	43,364	35,242	78,606
Thereafter	<u>291,281</u>	<u>35,094</u>	<u>326,375</u>
Total	<u>\$ 508,101</u>	<u>\$ 278,353</u>	<u>\$ 786,454</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

School District Plan

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

PSERS

The total OPEB liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement.

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	2.28% (S&P 20 year municipal bond rate July 1, 2021)	2.18% (S&P 20 year municipal bond rate June 30, 2021)
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
Mortality	Separate rates are 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.	Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and project using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	70% of teachers, 80% administrators and 20% of the support staff are assumed to elect coverage.	Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%.
Health Care Cost Trend Rate	5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.	Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit is capped at \$ 1,200 per year.
Per Capita Claims Cost	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 45-49, \$ 7,502 for males and \$ 10,834 for females; 50-54, \$ 9,935 for males and \$ 12,244 for females; 55-59, \$ 12,101 for males and \$ 12,812 for females; and 60-64, \$ 15,791 for males and \$ 14,718 for females; 65+, \$ 7,750 for males and females.	N/A

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS

Investment Return

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.

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
U.S. Core Fixed Income	17.5%	0.7%
Non-U.S. Developed Fixed	<u>2.7%</u>	(0.3%)
	<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, 2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.28% for the School District’s Plan and 2.18% for PSERS. The School District Plan is not funded, therefore, the S&P 20-year municipal bond rate of 2.28% as of July 1, 2021, is the applicable discount rate. Under the PSERS 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 or the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB’s plan 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 2.18% which represents the S&P 20-year municipal bond rate at June 30, 2021, was applied to all projected benefit payments to measure the OPEB liability.

Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate

The following presents the total and net OPEB liabilities of the School District, as well as what the School District’s liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
School District Plan - Total OPEB liability	\$ 5,294,216	\$ 4,906,274	\$ 4,540,095

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
PSERS - School District's proportionate share of the net OPEB liability	\$ 3,832,000	\$ 3,339,447	\$ 2,933,000

Sensitivity of the Total and Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

For the PSERS plan, healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200.

The following presents the total and net OPEB liabilities of the plans, as well as what the plans' total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

School District Plan

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
School District Plan - Total OPEB Liability	\$ 4,252,641	\$ 4,906,274	\$ 5,697,902

PSERS

	1% Decrease (Between 4% to 6%)	Healthcare Cost Trend Rate (Between 5% to 7%)	1% Increase (Between 6% to 8%)
PSERS - School District's proportionate share of the net OPEB liability	\$ 3,339,000	\$ 3,339,447	\$ 3,340,000

OPEB Plan Fiduciary Net Position

PSERS

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

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Plan Fiduciary Net Position (Continued)

School District Plan

As of June 30, 2022, the School District had no amounts payable to the School District OPEB Plan.

Payables to the OPEB Plan

PSERS

As of June 30, 2022, the School District had \$ 13,559 payable to the pension plan related to OPEB benefits.

NOTE 12 PENSION PLAN

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System 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.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (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 by 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 rights to benefits is vested after ten years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

(Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of services or attain a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, 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. A members' right to a defined benefit is vested in 10 years.

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 by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefits 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.

Contributions

Member contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.3%
T-G	On or after July 1, 2019	5.5% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions (Continued)

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% of covered payroll. This is 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 recognized as revenue by the defined benefit pension plan from the School were \$ 7,085,633. In addition, the School's contribution to the defined contribution plan was \$ 38,790 for the year ended June 30, 2022.

State Funding:

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension and OPEB liabilities and related pension and OPEB expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2022, the School District recognized revenue of \$ 3,847,126 from reimbursement for its current year pension and OPEB payments.

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

At June 30, 2022, the School District reported a liability of \$ 57,766,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The School 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, 2021, the School District's proportion was 0.1407 percent, which was a decrease of 0.0033 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense as follows:

Governmental Activities	\$ 3,719,639
Business-type Activities	19,351

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN (CONTINUED)

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

At June 30, 2022, the School 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	\$ 43,000	\$ 759,000
Changes in assumptions	2,802,000	-
Net difference between projected and actual investment earnings	-	9,195,000
Changes in proportionate share - plan	83,000	1,908,000
Changes in proportionate share - fund	77,658	77,658
Difference between employer contributions and proportionate share of total contributions	141,719	-
Contributions subsequent to the measurement date	7,119,190	-
	<u>\$ 10,266,567</u>	<u>\$ 11,939,658</u>

The \$ 7,119,190 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (2,505,876)
2024	(1,828,379)
2025	(1,488,026)
2026	<u>(2,970,000)</u>
Total	<u>\$ (8,792,281)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of the June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00% includes inflation at 2.75%
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projecting using a modified version of the MP-2020 Improvement Scale.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

- Salary growth rate – decreased from 5.00% to 4.50%
- Real wage growth and merit or seniority increase (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively
- Mortality rates – Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

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 expenses 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	27.0%	5.2%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Private equity	12.0%	7.3%
Cash	3.0%	0.1%
Leverage	(13.0%)	0.1%
	100.0%	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 12 PENSION PLAN (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

The following presents the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	\$ 75,821,000	\$ 57,766,819	\$ 42,537,000

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.pers.state.pa.us.

Payables to the Pension Plan

As of June 30, 2022, the School District had \$ 562,528 payable to the pension plan.

NOTE 13 AFFILIATES

Payments to fund operations of affiliated entities for the year ended 2021/2022 were as follows:

Cumberland-Perry Area Career and Technology Center	\$ 565,626
York County School of Technology	38,794
Capital Area Intermediate Unit	1,516,093

NOTE 14 COMMITMENTS AND CONTINGENCIES

The School 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 School 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 School District.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The School District is involved with 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 substantially covered under the School District’s professional liability insurance policy and would not have a material effect on the financial position of the School District.

The School District participates in numerous state and federal 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 School District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the School 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.

Effective July 1, 2021, all of the geographical area of Washington Township, York County, Pennsylvania (the “Township”) has been transferred to and become a part of and became served by the School District, the Township being transferred from the Dover Area School District (the “DASD”). The transfer has occurred as a result of orders of the Commonwealth Court and the Department of Education of the Commonwealth. As of July 1, 2021, the School District is the taxing authority with respect to school taxes for the taxpayers of the Township, and is responsible for the education of the students who reside in the Township. The School District is currently receiving school tax revenues from the Township beginning with the 2021-22 fiscal year. The amount of increased state subsidy that will be received by the School District as a result of the transfer has yet to be determined, and the School District has not yet received any related state subsidies. A request by DASD that the School District assume some presently undefined portion of the outstanding debt and obligations of DASD is pending before the Court of Common Pleas of York County, Pennsylvania. In the event that the School District may be required to assume a portion of such debt, the School District anticipates that any such required assumption would not have a material negative affect upon the financial condition of the School District. Additionally, the School District does not anticipate that the transfer of the Township’s students into the School District will have a material negative effect upon the operations of the School District.

Construction Contracts

As of June 30, 2022, the School District had commitments as follows:

	Total Estimated Costs	Total Costs Incurred	Total Costs To Be Incurred
Northern Middle School			
Roof Replacement	\$ 327,500	\$ -	\$ 327,500
Athletic Field			
Turf Field Installation	<u>2,630,577</u>	<u>2,527,287</u>	<u>103,290</u>
	<u>\$ 2,958,077</u>	<u>\$ 2,527,287</u>	<u>\$ 430,790</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 15 RISK MANAGEMENT

The School District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has purchased commercial insurance to cover general liability, directors' and officers' liability, unemployment compensation and employees' health coverage. For these insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

All expenditures for the School District's risk management are recorded in the general fund or food service fund.

Lincoln Benefit Trust

The School District is a member of the Lincoln Benefit Trust. The Trust is a claims servicing pool which pays claims for hospital benefits, medical coverage for physicians' services, certain dental coverage, major medical coverage, and certain other benefits submitted by employees of the participating School Districts. Each participating employer contributes to the trust amounts determined by actuarial principles which will be adequate to cover annual claim costs, operating costs, and reserves sufficient to provide stated benefits. Since each school district is responsible for its own risk, additional assessments would be charged to make up any deficiency; thus, this functions like a retrospectively rated program.

Because Lincoln Benefit Trust acts as a claim-servicing pool, the School District remains responsible for the economic risk of providing stated benefits to employees. However, claims incurred between \$ 150,000 and \$ 300,000 are paid from the Trust mini-pool. Claims incurred over \$ 300,000 are paid from a stop loss insurance policy purchased by the Trust.

Changes in net position for the School District's account at Lincoln Benefit Trust (based on audited financial statements of Lincoln Benefit Trust) were as follows for the year ended June 30, 2022:

Net position - July 1, 2021	\$ 3,069,582
Contributions and interest income	5,363,750
Claims paid	(3,865,063)
PA Trust reimbursement	-
Stop-loss insurance	(342,660)
PA Trust insurance premiums	(294,552)
Stop-loss pool reimbursement	389,345
Administrative fees	(243,853)
PA Trust experience refund	38,606
Other	<u>(15,957)</u>
Net position - June 30, 2022	<u>\$ 4,099,198</u>

Overall, the Lincoln Benefit Trust has net position of \$ 77,511,069 as of June 30, 2022 and showed a decrease in net position of (\$ 7,596,315) for the year then ended. Financial statements of the Trust are available at the School District.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 16 RESTATEMENT

The School District implemented a new accounting standard related to lease activity. A restatement was made to restate the beginning balances as follows:

	Governmental Activities
Net position, June 30, 2021, as originally stated	\$ (41,551,676)
Implementation of GASB 87	<u>32,083</u>
Net position, June 30, 2021, as restated	<u>\$ (41,519,593)</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN YORK COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2022

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY/ GAAP BASIS)	WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources				
Taxes	\$ 36,720,219	\$ 36,720,219	\$ 37,182,685	\$ 462,466
Investment earnings	20,000	20,000	13,367	(6,633)
Federal revenue from intermediate sources	560,000	560,000	708,257	148,257
Other	531,800	531,800	513,246	(18,554)
State sources	16,766,459	16,766,459	17,573,461	807,002
Federal sources	599,000	599,000	1,313,009	714,009
Total revenues	<u>55,197,478</u>	<u>55,197,478</u>	<u>57,304,025</u>	<u>2,106,547</u>
EXPENDITURES				
Instruction	31,775,843	31,725,843	32,914,775	(1,188,932)
Support services	16,673,128	16,723,128	17,197,068	(473,940)
Operation of noninstructional services	1,603,304	1,603,304	1,526,292	77,012
Facilities acquisition, construction and improvements	-	-	36,374	(36,374)
Debt service				
Principal	3,453,000	3,453,000	2,966,781	486,219
Interest	926,000	926,000	1,057,113	(131,113)
Bond issue costs	-	-	168,661	(168,661)
Total expenditures	<u>54,431,275</u>	<u>54,431,275</u>	<u>55,867,064</u>	<u>(1,435,789)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term financing	-	-	8,668,303	8,668,303
Refunding of G.O. Bonds	-	-	(8,603,526)	(8,603,526)
Proceeds from sale of capital assets	1,000	1,000	20,248	19,248
Proceeds from insurance	-	-	51,447	51,447
Bond premium	-	-	232,817	232,817
Interfund transfers	(274,000)	(274,000)	(474,000)	(200,000)
Total other financing sources and (uses)	<u>(273,000)</u>	<u>(273,000)</u>	<u>(104,711)</u>	<u>168,289</u>
Budgetary reserve	(750,000)	(750,000)	-	750,000
Net change in fund balances	<u>\$ (256,797)</u>	<u>\$ (256,797)</u>	<u>\$ 1,332,250</u>	<u>\$ 1,589,047</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's Proportionate Share of the Net Pension Liability - Public
School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - Measurement- Period	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1407%	\$ 57,766,819	\$ 19,972,249	289.24%	63.67%
2021	0.1440%	70,904,183	20,237,351	350.36%	54.32%
2020	0.1470%	68,770,434	20,271,259	339.25%	55.66%
2019	0.1463%	70,231,264	19,707,713	356.36%	54.00%
2018	0.1427%	70,477,218	19,000,157	370.93%	51.84%
2017	0.1445%	71,609,615	18,711,581	382.70%	50.14%
2016	0.1399%	60,598,118	18,003,316	336.59%	54.36%
2015	0.1371%	54,265,163	17,495,813	310.16%	57.24%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during 2020/2021 fiscal year:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment return – 7.00% includes inflation at 2.50%
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's Contributions - Public School Employees' Retirement
System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - fiscal year	Contributions as a Percentage of Covered Payroll
2022	\$ 7,085,633	\$ 7,085,633	\$ -	\$ 20,936,972	33.84%
2021	6,722,712	6,722,712	-	19,972,249	33.66%
2020	6,740,800	6,740,800	-	20,237,351	33.31%
2019	6,617,012	6,617,012	-	20,271,259	32.64%
2018	6,222,091	6,222,091	-	19,707,713	31.57%
2017	5,496,260	5,496,260	-	19,000,157	28.93%
2016	4,599,484	4,599,484	-	18,711,581	24.58%
2015	3,610,828	3,610,828	-	18,003,316	20.06%
2014	2,727,134	2,727,134	-	17,495,813	15.59%
2013	1,904,294	1,904,294	-	17,033,072	11.18%

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios -
School District Plan

	2022	2021	2020	2019
Total OPEB liability				
Service cost	\$ 422,227	\$ 300,576	\$ 300,730	\$ 241,741
Interest	94,421	128,213	108,469	107,218
Changes of benefit terms	-	-	-	39,031
Differenes between expected and actual experience	-	345,840	-	241,883
Changes in assumptions	(160,397)	545,409	(108,862)	(331,743)
Benefit payments	<u>(227,269)</u>	<u>(126,603)</u>	<u>(121,440)</u>	<u>(167,827)</u>
Net change in total OPEB liability	128,982	1,193,435	178,897	130,303
Total OPEB liability - beginning	<u>4,777,292</u>	<u>3,583,857</u>	<u>3,404,960</u>	<u>3,274,657</u>
Total OPEB liability - ending	<u>\$ 4,906,274</u>	<u>\$ 4,777,292</u>	<u>\$ 3,583,857</u>	<u>\$ 3,404,960</u>
Covered employee payroll	N/A	\$ 18,003,994	N/A	\$ 18,831,627
Total OPEB liability as a percentage of covered employee payroll		26.53%		18.08%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net OPEB Liability – Public School
Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.1407%	\$ 4,906,274	\$ 19,977,136	24.56%	5.30%
2021	0.1442%	4,777,292	20,235,280	23.61%	5.69%
2020	0.1470%	3,583,857	20,271,259	17.68%	5.56%
2019	0.1463%	3,126,458	19,707,713	15.86%	5.56%
2018	0.1427%	2,907,386	19,000,157	15.30%	5.73%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's OPEB Contributions - Public School Employees' Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2022	\$ 166,946	\$ 166,946	\$ -	\$ 20,936,972	0.80%
2021	163,628	163,628	-	19,977,136	0.82%
2020	187,918	187,918	-	20,235,280	0.93%
2019	169,154	169,154	-	20,271,259	0.83%
2018	157,714	157,714	-	19,707,713	0.80%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

OTHER SUPPLEMENTARY INFORMATION

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	Federal ALN Number	Pass-through Grantor's Number	Program Period	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2021	Revenue Recognized	Expenditures	Receivable (Unearned) at June 30, 2022	Total Passed-through to Subrecipients
DEPARTMENT OF EDUCATION											
Passed through the Pennsylvania Department of Education											
ESEA Title I	I	84.010	013-21-0302	July 1, 2020 - September 30, 2021	\$ 313,443	\$ 106,186	\$ 35,599	\$ 70,587	\$ 70,587	\$ -	\$ -
ESEA Title I	I	84.010	013-22-0302	July 1, 2021 - September 30, 2022	351,704	234,937	-	319,593	319,593	84,656	-
Title I					665,147	341,123	35,599	390,180	390,180	84,656	-
ESEA Title II - Part A	I	84.367	020-21-0302	July 1, 2020 - September 30, 2021	68,984	23,211	10,872	9,979	9,979	(2,360)	-
ESEA Title II - Part A	I	84.367	020-22-0302	July 1, 2021 - September 30, 2022	69,810	59,048	-	72,170	72,170	13,122	-
Title II					138,794	82,259	10,872	82,149	82,149	10,762	-
LEP Title III	I	84.365	010-220615	August 16, 2021 - September 30, 2022	4,752	4,752	-	4,752	4,752	-	-
ESEA Title IV	I	84.424	144-21-0302	July 1, 2020 - June 30, 2021	23,831	7,944	7,944	-	-	-	-
ESEA Title IV	I	84.424	144-22-0302	July 1, 2021 - June 30, 2022	23,572	23,558	-	23,572	23,572	14	-
Title IV					47,403	31,502	7,944	23,572	23,572	14	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-21-0302	March 13, 2020 - September 30, 2023	1,157,448	1,130,531	829,179	328,269	328,269	26,917	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)	I	84.425U	223-21-0302	March 13, 2020 - September 30, 2024	2,341,181	170,268.00	-	409,804	409,804	239,536	-
COVID-19 ARP ESSER Homeless Children and Youth	I	84.425W	181-21-2299	July 1, 2021 - September 30, 2024	22,295	1,715.00	-	15,804	15,804	14,089	-
COVID-19 ARP ESSER 7% SEA Reserve	I	84.425U	225-21-0302	March 13, 2020 - September 30, 2024	181,963	62,860	-	63,231	63,231	371	-
Total Education Stabilization Fund					3,702,887	1,365,374	829,179	817,108	817,108	280,913	-
Passed through Capital Area Intermediate Unit											
Special Education Cluster (I.D.E.A.)											
I.D.E.A.	I	84.027	062-210015	July 1, 2020 - June 30, 2021	498,978	166,168	166,168	-	-	-	-
I.D.E.A.	I	84.027	062-220015	July 1, 2021 - September 30, 2022	495,216	495,216	-	495,216	495,216	-	-
COVID-19 ARP I.D.E.A.	I	84.027X	062-220015	July 1, 2021 - September 30, 2022	122,863	122,863	-	122,863	122,863	-	-
					1,117,057	784,247	166,168	618,079	618,079	-	-
I.D.E.A. - Preschool	I	84.173	131-210015	July 1, 2021 - June 30, 2022	3,029	3,029	-	3,029	3,029	-	-
Total Special Education Cluster					1,120,086	787,276	166,168	621,108	621,108	-	-
Total U.S. Department of Education											
						2,612,286	1,049,762	1,938,869	1,938,869	376,345	-
Child Nutrition Cluster											
Passed through the Pennsylvania Department of Education											
COVID-19 School Breakfast Program	I	10.553	N/A	July 1, 2020 - June 30, 2021	N/A	34,808	34,808	-	-	-	-
COVID-19 School Breakfast Program	I	10.553	N/A	July 1, 2021 - June 30, 2022	N/A	332,663	-	332,754	332,754	91	-
Total Breakfast Program						367,471	34,808	332,754	332,754	91	-
COVID-19 School Lunch Program	I	10.555	N/A	July 1, 2020 - June 30, 2021	N/A	112,144	112,144	-	-	-	-
COVID-19 School Lunch Program	I	10.555	N/A	July 1, 2021 - June 30, 2022	N/A	1,201,145	-	1,203,065	1,203,065	1,920	-
Supply Chain Assistance	I	10.555	N/A	July 1, 2021 - June 30, 2023	66,688	66,688	-	66,688	-	-	-
SNP Emergency Operating Costs	I	10.555	N/A	July 1, 2021 - June 30, 2022	26,704	26,704	-	26,704	26,704	-	-
Passed through the Pennsylvania Department of Agriculture											
Value of USDA Commodities	I(B)	10.555	N/A	July 1, 2021 - June 30, 2022	N/A	79,763	-	79,763	79,763	-	-
Total Lunch Program						1,393,052	112,144	1,282,828	1,282,828	1,920	-
Total Child Nutrition Cluster						1,853,915	146,952	1,708,974	1,642,286	2,011	-
Passed through the Pennsylvania Department of Education											
P-EBT Local Admin Funds	I	10.649	N/A	July 1, 2021 - June 30, 2022	614	614	-	614	614	-	-
Total U.S. Department of Agriculture											
						1,854,529	146,952	1,709,588	1,642,900	2,011	-
Total Expenditures of Federal Awards											
						\$ 4,466,815	\$ 1,196,714	\$ 3,648,457	\$ 3,581,769	\$ 378,356	\$ -

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

NOTE 1 REFERENCE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (I) Indirect award
- (B) Based on USDA valuation

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedule of expenditures of federal awards is presented using the modified accrual basis in accordance with accounting principles prescribed by the Pennsylvania Department of Education, which conform to generally accepted governmental accounting principles. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Revenues designated for payment of specific School District expenditures are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year end is recorded as a liability or a receivable, respectively.

Indirect Cost Rate

The School District does not utilize the 10% de minimis indirect cost rate.

NOTE 3 EXPENDITURE RECOGNIZED

Certain expenditures incurred in the prior year were recognized on the current year schedule of expenditures of federal awards due to when the federal funding was applied for and subsequently received.



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

Board of Directors
Northern York County School District
Dillsburg, 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 Northern York County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Northern York County School District’s basic financial statements, and have issued our report thereon dated December 1, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Northern York County School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern York County School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Northern York County 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 or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Northern York County 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 of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

A handwritten signature in black ink that reads "Smith & Elliott Keams & Company, LLC". The signature is written in a cursive, flowing style.

Chambersburg, Pennsylvania
December 1, 2022



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Northern York County School District
Dillsburg, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Northern York County 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 Northern York County School District’s major federal programs for the year ended June 30, 2022. Northern York County 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.

In our opinion, Northern York County 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with accounting standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northern York County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northern York County School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northern York County School District’s federal programs.

Auditors Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northern York County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northern York County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures, include examining, on a test basis, evidence regarding Northern York County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northern York County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Northern York County School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Smith & Gott Reams Company, LLC". The signature is written in a cursive, flowing style.

Chambersburg, Pennsylvania
December 1, 2022

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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 deficiencies identified that are not considered to be 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 deficiencies identified that are 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 compliance audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516? Yes No

Identification of the major programs:

ALN Number(s)	Name of Federal Program
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes No

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

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 Deficiencies or Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with the Uniform Guidance by 2CFR Section 200.516.



Northern York County School District

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Dr. Eric C. Eshbach
Superintendent

Mr. Jason R. Beals
Assistant Superintendent

Mr. Jason A. Young
Business Manager

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS **Year Ended June 30, 2022**

Findings related to financial statements:

None reported in the June 30, 2021 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2021 Schedule of Findings and Questioned Costs.