

Audited  
Financial  
Statements

June 30,  
2021

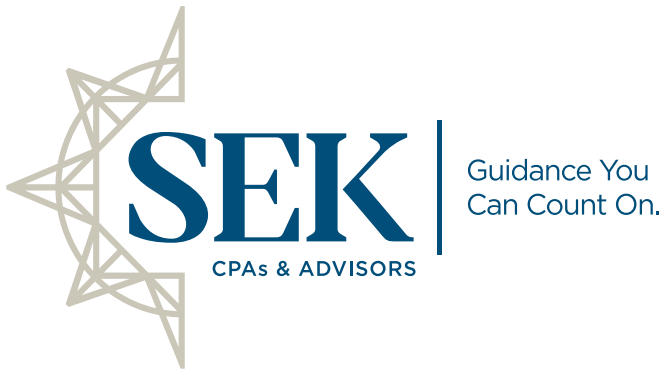
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**Northern York County School District**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northern York County School District  
Dillsburg, Pennsylvania

### ***REPORT ON FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northern York County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern York County School District, as of June 30, 2021, 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.

## ***Other Matters***

### *Prior Year Comparative Information*

We have previously audited Northern York County School District's 2020 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 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 4 - 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern York County School District's basic financial statements. The schedule of expenditures of federal awards is presented for 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 also 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 2, 2021, on our consideration of the 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 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.

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

Chambersburg, Pennsylvania  
December 2, 2021

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

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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, 2021. Comparative financial information between fiscal years ending June 30, 2020 and June 30, 2021 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***

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- For the 2020-2021 fiscal year, the School Board adopted a balanced General Fund Budget. In order to balance the budget, a real estate tax rate of 18.0481 mills was required, along with the anticipated use of \$ 367,782 from the fund balance. Included in the budget was a \$ 4,000 transfer into the Food Service Fund to pay for the potential need for new and replacement equipment and a \$ 25,000 transfer into the Capital Reserve Fund for capital improvements. The General Fund had an actual gain of \$ 911,292 which was a \$ 1,279,074 difference compared to budget. Actual revenues exceeded budgeted revenues by \$ 2,591,017. This difference is mainly attributed to \$ 1,383,596 in additional grant funds for the pandemic response which was not budgeted and also \$ 225,294 in increased Earned Income Taxes, \$ 252,732 in increased Real Estate Transfer Taxes, \$ 206,007 in Real Estate Delinquent Taxes, and \$ 205,647 in state PLANCON payments for back payments on the Wellsville Elementary School Project. General Fund actual expenditures were more than budgeted expenditures by \$ 1,574,979. This difference is mainly attributed to increased costs due to the pandemic, including on-line learning, salaries for additional teaching staff, and supply costs, as well as outside charter school payments of over \$ 735,000. Other financing sources and uses were more than budgeted amounts by \$ 263,036 due to a bond refunding and new money issued for the cost of the roofing projects.
- The School District received \$ 727,074 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 11 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 10 of the financial statements.

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

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- The COVID-19 pandemic had a significant adverse effect on the Governmental Fund Financial Statements with revenues and expenditures. At the time of approving the 2020-2021 budget, the School District was not aware of the costs of the on-line learning model that was implemented and was not aware of the significant relief money that was sent to school districts. The budget was approved using data under normal conditions. The significant overage in both revenues and expenditures was expected.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

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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.

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.

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

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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.

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, 2021**

***FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE***

***Net Position***

The School District's total net position was (\$ 42,849,385) at June 30, 2021 which includes (\$ 41,551,676) in Governmental Activities and (\$ 1,297,709) in Business-Type Activities. This shows a decrease in the negative net position of \$ 427,697 compared to June 30, 2020, (\$ 43,277,082). 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, 2021 was \$ 70,904,183, of which \$ 69,579,504 was the Governmental Activities share and \$ 1,324,679 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, 2021 was \$ 7,893,017, of which \$ 7,768,623 was the result of Governmental Activities and \$ 124,394 was for Business-Type Activities.

***Statement of Net Position***

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	\$ 11,856,462	\$ 38,172	\$ 11,894,634	\$ 10,860,534	\$ 87,732	\$ 10,948,266
Noncurrent assets	52,085,497	78,756	52,164,253	52,968,714	88,291	53,057,005
Deferred outflows of resources	12,356,339	306,786	12,663,125	10,241,960	354,138	10,596,098
Total Assets and Deferred Outflows of Resources	<u>\$ 76,298,298</u>	<u>\$ 423,714</u>	<u>\$ 76,722,012</u>	<u>\$ 74,071,208</u>	<u>\$ 530,161</u>	<u>\$ 74,601,369</u>
Current liabilities	\$ 7,415,617	\$ 65,513	\$ 7,481,130	\$ 7,951,144	\$ 60,837	\$ 8,011,981
Noncurrent liabilities	106,988,728	1,474,869	108,463,597	104,750,264	1,510,826	106,261,090
Total Liabilities	<u>114,404,345</u>	<u>1,540,382</u>	<u>115,944,727</u>	<u>112,701,408</u>	<u>1,571,663</u>	<u>114,273,071</u>
Deferred Inflows of Resources	3,445,629	181,041	3,626,670	3,396,636	208,744	3,605,380
Net investment in capital assets	18,699,774	78,756	18,778,530	19,629,067	88,291	19,717,358
Restricted	1,434,014	-	1,434,014	791,870	-	791,870
Unrestricted	(61,685,464)	(1,376,465)	(63,061,929)	(62,447,773)	(1,338,537)	(63,786,310)
Total Net Position	<u>(41,551,676)</u>	<u>(1,297,709)</u>	<u>(42,849,385)</u>	<u>(42,026,836)</u>	<u>(1,250,246)</u>	<u>(43,277,082)</u>
Total Liabilities and Net Position	<u>\$ 76,298,298</u>	<u>\$ 423,714</u>	<u>\$ 76,722,012</u>	<u>\$ 74,071,208</u>	<u>\$ 530,161</u>	<u>\$ 74,601,369</u>

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

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***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 2020-2021 fiscal year, the change in net position for governmental activities reflects an increase of \$ 475,160 and a decrease of \$ 47,463 for business-type activities, or a total net increase of \$ 427,697 as reflected in the chart below.

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program Revenues						
Charges for services	\$ 271,759	\$ 61,069	\$ 332,828	\$ 393,769	\$ 475,602	\$ 869,371
Operating grants and contributions	10,219,768	975,333	11,195,101	8,615,995	587,842	9,203,837
Capital grants and contributions	765,647	-	765,647	554,918	-	554,918
General Revenues						
Taxes	32,352,090	-	32,352,090	30,937,573	-	30,937,573
State grants and subsidies	8,653,533	-	8,653,533	8,636,619	-	8,636,619
Other local revenue	169,674	-	169,674	127,583	-	127,583
Investment earnings	13,775	13	13,788	143,184	1,314	144,498
Total revenues	<u>52,446,246</u>	<u>1,036,415</u>	<u>53,482,661</u>	<u>49,409,641</u>	<u>1,064,758</u>	<u>50,474,399</u>
Direct expenses	<u>51,971,086</u>	<u>1,083,878</u>	<u>53,054,964</u>	<u>50,701,145</u>	<u>1,145,015</u>	<u>51,846,160</u>
Excess (deficiency) before transfers	475,160	(47,463)	427,697	(1,291,504)	(80,257)	(1,371,761)
Transfers between activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,000)</u>	<u>44,000</u>	<u>-</u>
Change in net position	<u>\$ 475,160</u>	<u>\$ (47,463)</u>	<u>\$ 427,697</u>	<u>\$ (1,335,504)</u>	<u>\$ (36,257)</u>	<u>\$ (1,371,761)</u>

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

***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 \$ 19,638,948 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 increased \$ 1,269,941 or 2.51% over the prior year for governmental activities. This increase was primarily due to instruction costs for salaries and benefits and also due to increased costs for cyber-charter tuitions. Governmental activities program revenues increased \$ 1,692,492 or 17.7% from the prior year. Business-type activities posted an operating net loss of \$ 47,463 which is \$ 11,206 more than the prior year loss.

	2021			2020		
	Direct Expenses	Program Revenues	Net Cost	Direct Expenses	Program Revenues	Net Cost
<b>Governmental Activities</b>						
Instruction	\$ 33,097,114	\$ 7,652,753	\$ 25,444,361	\$ 31,303,544	\$ 6,184,752	\$ 25,118,792
Instructional student support	4,264,094	489,432	3,774,662	4,429,134	494,620	3,934,514
Administrative and financial support	5,697,870	474,697	5,223,173	5,833,818	463,347	5,370,471
Operation and maintenance of plant	4,069,885	285,136	3,784,749	4,237,906	329,756	3,908,150
Pupil transportation	2,222,429	1,323,605	898,824	2,265,975	1,214,059	1,051,916
Student activities	1,502,786	264,921	1,237,865	1,635,022	322,440	1,312,582
Community services	2,095	983	1,112	489	790	(301)
Interest expense and bond issue costs	<u>1,114,813</u>	<u>765,647</u>	<u>349,166</u>	<u>995,257</u>	<u>554,918</u>	<u>440,339</u>
Total Governmental Activities	\$ <u>51,971,086</u>	\$ <u>11,257,174</u>	40,713,912	\$ <u>50,701,145</u>	\$ <u>9,564,682</u>	41,136,463
Unrestricted grants and subsidies			(8,653,533)			(8,636,619)
Transfers			0			44,000
Investment earnings			<u>(13,775)</u>			<u>(143,184)</u>
Total needs from taxes and other local sources			\$ <u>32,046,604</u>			\$ <u>32,400,660</u>
<b>Business-type Activities</b>						
Food services	\$ 1,083,878	\$ 1,036,402	\$ 47,476	\$ 1,145,015	\$ 1,063,444	\$ 81,571
Transfers			0			(44,000)
Investment earnings			<u>(13)</u>			<u>(1,314)</u>
Total business-type activities			\$ <u>47,463</u>			\$ <u>36,257</u>

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

**Governmental Fund Balance**

At June 30, 2021, the School District governmental funds reported a combined fund balance of \$ 7,468,954, which is an increase of \$ 1,539,484 from the June 30, 2020 combined fund balance.

	<b>Governmental Fund Balance</b>			
	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund - Nonspendable	\$ 285,042	\$ 427,469	\$ (142,427)	(33.32%)
General Fund - Restricted	234,613	220,661	13,952	6.32%
General Fund - Committed	374,136	389,049	(14,913)	(3.83%)
General Fund - Assigned	346,115	474,008	(127,893)	(26.98%)
General Fund - Unassigned	5,029,647	3,847,074	1,182,573	30.74%
Capital Reserve Fund - Restricted	194,463	571,209	(376,746)	(65.96%)
Capital Project Fund - Restricted	<u>1,004,938</u>	<u>-</u>	<u>1,004,938</u>	<u>100.00%</u>
	<u>\$ 7,468,954</u>	<u>\$ 5,929,470</u>	<u>\$ 1,539,484</u>	<u>25.96%</u>
Total spendable	\$ 5,749,898	\$ 4,710,131	\$ 1,039,767	22.08%
Total restricted	1,434,014	791,870	642,144	81.09%
Total nonspendable	<u>285,042</u>	<u>427,469</u>	<u>(142,427)</u>	<u>(33.32%)</u>
	<u>\$ 7,468,954</u>	<u>\$ 5,929,470</u>	<u>\$ 1,539,484</u>	<u>25.96%</u>

**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.

	<b>2021</b>			<b>2020</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Total revenues	\$ 50,055,849	\$ 52,646,866	\$ 2,591,017	\$ 49,332,697	\$ 49,334,903	\$ 2,206
Total expenditures	<u>50,491,631</u>	<u>52,066,610</u>	<u>(1,574,979)</u>	<u>50,254,098</u>	<u>50,833,009</u>	<u>(578,911)</u>
Revenues over (under) expenditures	(435,782)	580,256	1,016,038	(921,401)	(1,498,106)	(576,705)
Other financing sources (uses)	<u>68,000</u>	<u>331,036</u>	<u>263,036</u>	<u>(292,000)</u>	<u>971,083</u>	<u>1,263,083</u>
Net change in fund balance	<u>\$ (367,782)</u>	<u>\$ 911,292</u>	<u>\$ 1,279,074</u>	<u>\$ (1,213,401)</u>	<u>\$ (527,023)</u>	<u>\$ 686,378</u>

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

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***CAPITAL ASSETS***

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At June 30, 2021, the School District recorded \$ 52,085,497 in governmental activities capital assets, which represents a decrease of \$ 883,217 from the previous fiscal year. This net decrease is a result of depreciation of \$ 2,264,709 being offset by additions of \$ 1,383,491 as well as net deletions of \$ 74,683.

***Capital Assets (Net of Depreciation)***

	<b>2021</b>	<b>2020</b>	<b>Change</b>
Governmental activities			
Land	\$ 324,188	\$ 326,188	\$ (2,000)
Construction in progress	933,445	100,400	833,045
Site improvements	1,028,955	749,156	279,799
Buildings	48,679,468	50,527,161	(1,847,693)
Equipment and furniture	<u>1,119,441</u>	<u>1,265,809</u>	<u>(146,368)</u>
 Total governmental capital assets	 <u>\$ 52,085,497</u>	 <u>\$ 52,968,714</u>	 <u>\$ (883,217)</u>
 Business-type activities			
Food service equipment	<u>\$ 78,756</u>	<u>\$ 88,291</u>	<u>\$ (9,535)</u>

***LONG-TERM LIABILITIES***

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Bonds and notes payable were \$ 31,690,845 and \$ 32,999,850 at June 30, 2021 and 2020, respectively. Scheduled principal payments totaling \$ 3,345,000 were made to bondholders during 2020-2021.

Lease-purchase obligations were \$ 377,947 and \$ 426,673 at June 30, 2021 and 2020, 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 \$ 1,072,693 for the Governmental Activities and \$ 31,210 for the Business-type Activities for year ended June 30, 2021. 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 \$ 7,768,623 for the Governmental Activities and \$ 124,394 for the Business-type Activities for year ended June 30, 2021. The net pension obligation for the proportionate share of the PSERS pension plan for was \$ 69,579,504 for the Governmental Activities and \$ 1,324,679 for the Business-type Activities for the year ended June 30, 2021.

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

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***2021-2022 BUDGET (PDE-2028) AND ECONOMIC FACTORS***

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	<b>Budget 2021-2022</b>	<b>Budget 2020-2021</b>	<b>Change</b>
Total revenues	\$ 55,198,478	\$ 50,055,849	\$ 5,142,629
Total expenditures	<u>50,052,275</u>	<u>46,067,992</u>	<u>3,984,283</u>
Revenues over (under) expenditures	5,146,203	3,987,857	1,158,346
Other financing sources (uses)	<u>(5,403,000)</u>	<u>(4,355,639)</u>	<u>(1,047,361)</u>
Net change in fund balance	<u>\$ (256,797)</u>	<u>\$ (367,782)</u>	<u>\$ 110,985</u>

The budget for 2021-2022 represents an increase in total expenditures of \$ 3,984,283 or 8.65%. This increase is primarily due to a neighboring municipality, Washington Township, leaving their 2020-2021 school district and joining Northern York in 2021-2022. Estimated costs due to this change were budgeted at approximately \$ 3,000,000. The remaining increase in costs are due to normal operations. The 2021-2022 budgeted revenues reflect a millage increase of .6858 or 3.8%. The 2021-2022 real estate tax rate is 18.7339 mills and is calculated on each property's assessed value in each of the seven municipalities located within the Northern York County School District. The Board of School Directors approved a "balanced" budget for the 2021-2022 fiscal year, which includes the use of existing fund balance of \$ 256,797.

Budgeted employee health care premiums increased at a rate of 8.0% for 2021-2022. 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 2020-2021 general fund unassigned fund balance of \$ 5,029,647 represents 9.07% of 2021-2022 budgeted expenditures. The fund balance is held to offset unforeseen expenditures and to fund future School District expenditures.

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 2021-2022 budget reflects the estimated receipt of \$ 727,000 from the state to be used to reduce property taxes. Northern York County's adjusted index for 2021-2022 was set at 3.8%. The adjusted index for 2022-2023 was set at 4.4%. The index limits the rate of increase on tax mills.

The 2020-2021 fiscal year was the final year of a five-year contract with the Northern York Education Association (NYEA). A new five-year contract beginning on July 1, 2021 has been approved by the Board of School Directors and the NYEA.

***CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT***

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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, 2021 with Summarized Comparative Totals for 2020**

	Governmental Activities	Business-Type Activities	Total	2020 Summarized
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 6,826,882	\$ 119,319	\$ 6,946,201	\$ 5,242,786
Investments	-	-	-	720,000
Receivables				
Taxes, net	1,695,983	-	1,695,983	2,125,493
Intergovernmental	2,607,077	152,787	2,759,864	2,097,495
Other	125,057	57,841	182,898	310,366
Internal balances	316,421	(316,421)	-	-
Inventories	218,497	24,646	243,143	246,171
Prepaid items	66,545	-	66,545	205,955
Total current assets	<u>11,856,462</u>	<u>38,172</u>	<u>11,894,634</u>	<u>10,948,266</u>
<b>Noncurrent Assets</b>				
Capital assets not being depreciated				
Land	324,188	-	324,188	326,188
Construction in progress	933,445	-	933,445	100,400
Capital assets net of accumulated depreciation				
Site improvements	1,028,955	-	1,028,955	749,156
Buildings	48,679,468	-	48,679,468	50,527,161
Equipment, furniture and fixtures	1,119,441	78,756	1,198,197	1,354,100
Total noncurrent assets	<u>52,085,497</u>	<u>78,756</u>	<u>52,164,253</u>	<u>53,057,005</u>
<b>TOTAL ASSETS</b>	<u>63,941,959</u>	<u>116,928</u>	<u>64,058,887</u>	<u>64,005,271</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension liability	10,726,768	273,305	11,000,073	9,744,538
Deferred outflows related to OPEB liability	1,654,043	33,481	1,687,524	764,684
Deferred (gain) charge on bond refunding	(24,472)	-	(24,472)	86,876
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>12,356,339</u>	<u>306,786</u>	<u>12,663,125</u>	<u>10,596,098</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 76,298,298</u>	<u>\$ 423,714</u>	<u>\$ 76,722,012</u>	<u>\$ 74,601,369</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 748,983	\$ 2,042	\$ 751,025	\$ 390,900
Accrued salaries and benefits/withholdings	3,034,009	58,057	3,092,066	3,673,276
Accrued interest	128,560	-	128,560	193,440
Unearned revenue	3,181	-	3,181	4,393
Portion due or payable within one year				
General obligation bonds and notes payable	3,233,300	-	3,233,300	3,529,205
Capital leases	81,141	-	81,141	57,901
Compensated absences	186,443	5,414	191,857	162,866
Total current liabilities	<u>7,415,617</u>	<u>65,513</u>	<u>7,481,130</u>	<u>8,011,981</u>
<b>Noncurrent liabilities</b>				
Portion due or payable after one year				
General obligation bonds and notes payable	28,457,545	-	28,457,545	29,470,645
Capital leases	296,806	-	296,806	368,772
Compensated absences	886,250	25,796	912,046	940,924
Net pension liability	69,579,504	1,324,679	70,904,183	68,770,434
OPEB liability	7,768,623	124,394	7,893,017	6,710,315
Total noncurrent liabilities	<u>106,988,728</u>	<u>1,474,869</u>	<u>108,463,597</u>	<u>106,261,090</u>
<b>TOTAL LIABILITIES</b>	<u>114,404,345</u>	<u>1,540,382</u>	<u>115,944,727</u>	<u>114,273,071</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension liability	2,953,392	169,291	3,122,683	3,090,298
Deferred inflows related to OPEB liability	492,237	11,750	503,987	515,082
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,445,629</u>	<u>181,041</u>	<u>3,626,670</u>	<u>3,605,380</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,699,774	78,756	18,778,530	19,717,358
Restricted	1,434,014	-	1,434,014	791,870
Unrestricted	(61,685,464)	(1,376,465)	(63,061,929)	(63,786,310)
<b>TOTAL NET POSITION</b>	<u>(41,551,676)</u>	<u>(1,297,709)</u>	<u>(42,849,385)</u>	<u>(43,277,082)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 76,298,298</u>	<u>\$ 423,714</u>	<u>\$ 76,722,012</u>	<u>\$ 74,601,369</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2021 with Summarized Comparative Totals for 2020**

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	2020 Summarized
Governmental activities:								
Instruction	\$ 33,097,114	\$ 67,718	\$ 7,585,035	\$ -	\$ (25,444,361)	\$ -	\$ (25,444,361)	\$ (25,118,792)
Instructional student support	4,264,094	-	489,432	-	(3,774,662)	-	(3,774,662)	(3,934,514)
Administrative and financial support services	5,697,870	-	474,697	-	(5,223,173)	-	(5,223,173)	(5,370,470)
Operation and maintenance of plant services	4,069,885	52,737	232,399	-	(3,784,749)	-	(3,784,749)	(3,908,150)
Pupil transportation	2,222,429	-	1,323,605	-	(898,824)	-	(898,824)	(1,051,916)
Student activities	1,502,786	151,304	113,617	-	(1,237,865)	-	(1,237,865)	(1,312,582)
Community services	2,095	-	983	-	(1,112)	-	(1,112)	301
Interest expense and bond issue costs	1,114,813	-	-	765,647	(349,166)	-	(349,166)	(440,339)
Total governmental activities	<u>51,971,086</u>	<u>271,759</u>	<u>10,219,768</u>	<u>765,647</u>	<u>(40,713,912)</u>	<u>-</u>	<u>(40,713,912)</u>	<u>(41,136,462)</u>
Business-type activities:								
Food services	<u>1,083,878</u>	<u>61,069</u>	<u>975,333</u>	<u>-</u>	<u>-</u>	<u>(47,476)</u>	<u>(47,476)</u>	<u>(81,571)</u>
Total primary government	<u>\$ 53,054,964</u>	<u>\$ 332,828</u>	<u>\$ 11,195,101</u>	<u>\$ 765,647</u>	<u>(40,713,912)</u>	<u>(47,476)</u>	<u>(40,761,388)</u>	<u>(41,218,033)</u>
<b>General revenues and transfers:</b>								
Property taxes levied for general purposes, public utility realty tax, earned income tax					32,352,090	-	32,352,090	30,937,573
Grants, subsidies and contributions not restricted					8,653,533	-	8,653,533	8,636,619
Investment earnings					13,775	13	13,788	144,498
Gain on sale of capital assets					113,297	-	113,297	512
Miscellaneous income					56,377	-	56,377	127,071
Total general revenues and transfers					<u>41,189,072</u>	<u>13</u>	<u>41,189,085</u>	<u>39,846,273</u>
Change in net position					475,160	(47,463)	427,697	(1,371,760)
Net position - beginning					(42,026,836)	(1,250,246)	(43,277,082)	(41,905,322)
Net position - ending					<u>\$ (41,551,676)</u>	<u>\$ (1,297,709)</u>	<u>\$ (42,849,385)</u>	<u>\$ (43,277,082)</u>



**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021 with Summarized Comparative Totals for 2020**

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds	2020 Summarized
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,215,093	\$ 319,330	\$ 1,292,459	\$ 6,826,882	\$ 5,184,571
Investments	-	-	-	-	720,000
Taxes receivable, net	1,695,983	-	-	1,695,983	2,125,493
Due from other funds	317,751	-	-	317,751	222,276
Intergovernmental receivables	2,607,077	-	-	2,607,077	2,064,986
Other receivables	125,057	-	-	125,057	229,139
Inventories	218,497	-	-	218,497	221,514
Prepaid items	66,545	-	-	66,545	205,955
Total assets	<u>\$ 10,246,003</u>	<u>\$ 319,330</u>	<u>\$ 1,292,459</u>	<u>\$ 11,857,792</u>	<u>\$ 10,973,934</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 336,595	\$ 124,867	\$ 287,521	\$ 748,983	\$ 386,976
Accrued salaries and benefits/withholdings	3,034,009	-	-	3,034,009	3,620,147
Unearned revenue	3,181	-	-	3,181	4,393
Due to other funds	1,330	-	-	1,330	113,400
Total liabilities	<u>3,375,115</u>	<u>124,867</u>	<u>287,521</u>	<u>3,787,503</u>	<u>4,124,916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable tax revenue	601,335	-	-	601,335	919,548
Total deferred inflows of resources	<u>601,335</u>	<u>-</u>	<u>-</u>	<u>601,335</u>	<u>919,548</u>
<b>FUND BALANCES</b>					
<b>Nonspendable fund balance</b>					
Inventories	218,497	-	-	218,497	221,514
Prepaid items	66,545	-	-	66,545	205,955
<b>Spendable fund balance</b>					
Restricted fund balance					
Scholarships	234,613	-	-	234,613	220,661
Future capital improvements	-	194,463	1,004,938	1,199,401	571,209
Committed fund balance					
Special needs	210,000	-	-	210,000	210,000
Transportation	40,000	-	-	40,000	40,000
Student activities	124,136	-	-	124,136	139,049
Assigned fund balance					
Special school accounts	89,318	-	-	89,318	106,226
Subsequent year budgeted use of fund balance	256,797	-	-	256,797	367,782
Unassigned fund balance	5,029,647	-	-	5,029,647	3,847,074
Total fund balances	<u>6,269,553</u>	<u>194,463</u>	<u>1,004,938</u>	<u>7,468,954</u>	<u>5,929,470</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,246,003</u>	<u>\$ 319,330</u>	<u>\$ 1,292,459</u>	<u>\$ 11,857,792</u>	<u>\$ 10,973,934</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2021**

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**Total fund balances - governmental funds** \$ 7,468,954

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	92,035,401	
Accumulated depreciation	<u>(39,949,904)</u>	52,085,497

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		601,335
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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 and notes payable, net of discount and premium	(31,690,845)	
Deferred charge on bond refunding	(24,472)	
Accrued interest on bonds	(128,560)	
Compensated absences	(1,072,693)	
Capital leases	(377,947)	
Net pension liability	(69,579,504)	
Deferred outflows related to pension liability	10,726,768	
Deferred inflows related to pension liability	(2,953,392)	
OPEB liability	(7,768,623)	
Deferred outflows related to OPEB liability	1,654,043	
Deferred inflows related to OPEB liability	<u>(492,237)</u>	
		<u>(101,707,462)</u>
<b>Net position of governmental activities in the Statement of Net Position</b>		<b>\$ <u>(41,551,676)</u></b>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**Year Ended June 30, 2021 with Summarized Comparative Totals for 2020**

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds	2020 Summarized
<b>REVENUES</b>					
Local revenues					
Taxes	\$ 32,670,303	\$ -	\$ -	\$ 32,670,303	\$ 30,890,286
Investment earnings	13,645	118	12	13,775	143,184
Revenue from intermediate sources	627,956	-	-	627,956	567,911
Other	463,393	-	-	463,393	629,176
State sources	17,131,774	-	-	17,131,774	16,777,512
Federal sources	1,739,795	-	-	1,739,795	336,117
Total revenues	<u>52,646,866</u>	<u>118</u>	<u>12</u>	<u>52,646,996</u>	<u>49,344,186</u>
<b>EXPENDITURES</b>					
Instruction	30,535,019	-	-	30,535,019	28,384,924
Support services	15,472,850	-	-	15,472,850	15,796,840
Operation of noninstructional services	1,391,096	-	-	1,391,096	1,513,315
Facilities acquisition, construction and improvements	-	401,864	1,000,070	1,401,934	930,750
Debt service:					
Principal	3,426,911	-	-	3,426,911	3,394,721
Interest	1,006,771	-	-	1,006,771	951,721
Bond issue costs	119,883	-	-	119,883	82,408
Underwriter's bond discount	114,080	-	-	114,080	47,325
Total expenditures	<u>52,066,610</u>	<u>401,864</u>	<u>1,000,070</u>	<u>53,468,544</u>	<u>51,102,004</u>
Excess (deficiency) of revenues over expenditures	<u>580,256</u>	<u>(401,746)</u>	<u>(1,000,058)</u>	<u>(821,548)</u>	<u>(1,757,818)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term financing	14,720,000	-	-	14,720,000	6,482,890
Refunding of G.O. Bonds	(13,818,840)	-	-	(13,818,840)	(5,819,598)
Bond premium	1,340,409	-	-	1,340,409	583,623
Proceeds from sale of assets	115,297	-	-	115,297	512
Proceeds from insurance	4,166	-	-	4,166	17,656
Interfund transfers	(2,029,996)	25,000	2,004,996	-	(44,000)
Total other financing sources and uses	<u>331,036</u>	<u>25,000</u>	<u>2,004,996</u>	<u>2,361,032</u>	<u>1,221,083</u>
Net change in fund balances	911,292	(376,746)	1,004,938	1,539,484	(536,735)
Fund balances - beginning, as originally stated	5,358,261	571,209	-	5,929,470	6,093,328
Restatement	-	-	-	-	372,877
Fund balances - beginning	<u>5,358,261</u>	<u>571,209</u>	<u>-</u>	<u>5,929,470</u>	<u>6,466,205</u>
Fund balances - ending	<u>\$ 6,269,553</u>	<u>\$ 194,463</u>	<u>\$ 1,004,938</u>	<u>\$ 7,468,954</u>	<u>\$ 5,929,470</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, 2021**

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**Net change in fund balances - total governmental funds** \$ 1,539,484

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 (\$ 1,383,492 ) differed from depreciation expense (\$ 2,264,709 ) including the net book value of disposals of capital assets of (\$ 2,000) in the current period. (883,217)

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. (318,213)

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 - principal	3,345,000
Issuance of general obligation bonds	(14,720,000)
Payment to refund bonds	13,740,000
Bond premium	(1,340,409)
Amortization of bond premiums, discounts, deferred charge on bond refunding and prepaid bond insurance	173,066
Repayment of capital leases - principal	48,726

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	64,880
Net pension liability and related deferred outflows and inflows	(923,494)
OPEB liability and related deferred outflows and inflows	(253,976)
Compensated absences	3,313
	<u>3,313</u>

**Change in net position of governmental activities** \$ 475,160

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Net Position - Proprietary Fund**  
**June 30, 2021 with Summarized Comparative Totals for 2020**

	Food Service	2020 Summarized
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 119,319	\$ 58,215
Due from other funds	1,330	113,400
Intergovernmental receivables	152,787	32,509
Receivable from students, net	51,817	74,098
Other receivables	6,024	7,129
Inventories	<u>24,646</u>	<u>24,657</u>
Total current assets	<u>355,923</u>	<u>310,008</u>
<b>Noncurrent Assets</b>		
Furniture and equipment	1,025,303	1,083,322
Accumulated depreciation	<u>(946,547)</u>	<u>(995,031)</u>
Total noncurrent assets	<u>78,756</u>	<u>88,291</u>
Total assets	<u>434,679</u>	<u>398,299</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension liability	273,305	330,367
Deferred outflows related to OPEB liability	<u>33,481</u>	<u>23,771</u>
Total deferred outflows	<u>306,786</u>	<u>354,138</u>
Total assets and deferred outflows of resources	<u>\$ 741,465</u>	<u>\$ 752,437</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,042	\$ 3,924
Due to other funds	317,751	222,276
Compensated absences	5,414	3,784
Other payables	<u>58,057</u>	<u>53,129</u>
Total current liabilities	<u>383,264</u>	<u>283,113</u>
<b>Noncurrent Liabilities</b>		
Compensated absences	25,796	24,000
OPEB liability	124,394	121,217
Net pension liability	<u>1,324,679</u>	<u>1,365,609</u>
Total noncurrent liabilities	<u>1,474,869</u>	<u>1,510,826</u>
Total liabilities	<u>1,858,133</u>	<u>1,793,939</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pension liability	169,291	198,318
Deferred inflows related to OPEB liability	<u>11,750</u>	<u>10,426</u>
Total deferred inflows	<u>181,041</u>	<u>208,744</u>
<b>NET POSITION</b>		
Net investment in capital assets	78,756	88,291
Unrestricted	<u>(1,376,465)</u>	<u>(1,338,537)</u>
Total net position	<u>(1,297,709)</u>	<u>(1,250,246)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 741,465</u>	<u>\$ 752,437</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund**  
**Year Ended June 30, 2021 with Summarized Comparative Totals for 2020**

	Food Service	2020 Summarized
<b>OPERATING REVENUE</b>		
Charges for services	\$ 61,069	\$ 475,602
Total operating revenues	<u>61,069</u>	<u>475,602</u>
<b>OPERATING EXPENSES</b>		
Food and milk purchases	378,652	322,216
Salaries	386,170	431,290
Employee benefits	250,478	319,313
Supplies	11,048	2,340
Depreciation	9,535	9,018
Purchased services	<u>47,995</u>	<u>60,838</u>
Total operating expenses	<u>1,083,878</u>	<u>1,145,015</u>
Operating (loss)	<u>(1,022,809)</u>	<u>(669,413)</u>
<b>NONOPERATING REVENUES</b>		
Federal subsidies	863,999	384,893
State subsidies	111,334	107,474
Other federal revenues	-	95,475
Interest income	<u>13</u>	<u>1,314</u>
Total nonoperating revenue	<u>975,346</u>	<u>589,156</u>
Income (loss) before transfers	<u>(47,463)</u>	<u>(80,257)</u>
<b>TRANSFERS</b>		
Interfund transfers	<u>-</u>	<u>44,000</u>
Change in net position	(47,463)	(36,257)
Total net position - beginning	<u>(1,250,246)</u>	<u>(1,213,989)</u>
Total net position - ending	<u>\$ (1,297,709)</u>	<u>\$ (1,250,246)</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Cash Flows - Proprietary Fund**  
**Year Ended June 30, 2021 with Summarized Comparative Totals for 2020**

	Food Service	2020 Summarized
<b>Cash flows from operating activities</b>		
Cash received from food sales	\$ 201,453	\$ 484,452
Cash payments to suppliers for goods	(340,419)	(272,881)
Cash payments to and on behalf of employees	(555,853)	(633,913)
Cash payments for services	<u>(47,995)</u>	<u>(60,838)</u>
Net cash used for operating activities	<u>(742,814)</u>	<u>(483,180)</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase of equipment	<u>-</u>	<u>(19,049)</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	-	44,000
Federal subsidies	697,194	292,826
State subsidies	<u>106,711</u>	<u>106,359</u>
Net cash provided by noncapital financing activities	<u>803,905</u>	<u>443,185</u>
<b>Cash flows from investing activities</b>		
Earnings on investments	<u>13</u>	<u>1,314</u>
Net increase (decrease) in cash and cash equivalents	61,104	(57,730)
Cash and cash equivalents - beginning	<u>58,215</u>	<u>115,945</u>
Cash and cash equivalents - ending	<u>\$ 119,319</u>	<u>\$ 58,215</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b>		
<b>Cash flows from operating activities</b>		
Operating loss	\$ (1,022,809)	\$ (669,413)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Donated food used	51,150	62,053
Depreciation	9,534	9,017
(Increase) decrease in:		
Inventory	11	(13,722)
Accounts receivable	23,386	2,914
Due from other funds	112,070	(9,342)
Increase (decrease) in:		
Compensated absences	3,426	2,858
OPEB liability and related items	(5,209)	4,216
Net pension liability and related items	(12,894)	25,948
Due to other funds	95,475	83,668
Accounts payable	<u>3,046</u>	<u>18,623</u>
Total adjustments	<u>279,995</u>	<u>186,233</u>
Net cash used for operating activities	<u>\$ (742,814)</u>	<u>\$ (483,180)</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2021**

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	Custodial Funds	2020 Summarized
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,157	\$ 32,228
Total assets	<u>\$ 16,157</u>	<u>\$ 32,228</u>
<b>NET POSITION</b>		
Restricted for:		
Student activities	\$ 16,157	32,228
Total net position	<u>\$ 16,157</u>	<u>\$ 32,228</u>



**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2021**

	Custodial Funds	2020 Summarized
<b>ADDITIONS</b>		
Fundraising	\$ 23,547	\$ 46,884
Sales	8,223	15,577
Contributions	4,078	3,863
Interest income	-	160
Total additions	<u>35,848</u>	<u>66,484</u>
<b>DEDUCTIONS</b>		
Contributions	42,746	22,436
Travel	717	18,002
Supplies	8,452	13,591
Conferences	4	3,765
Dues	-	813
Miscellaneous	-	405
Total deductions	<u>51,919</u>	<u>59,012</u>
Change in net position	(16,071)	7,472
Net position - beginning	<u>32,228</u>	<u>24,756</u>
Net position - ending	<u>\$ 16,157</u>	<u>\$ 32,228</u>

# NORTHERN YORK COUNTY SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### *Nature of Operations*

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

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### ***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 Vocational Technical School** - 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 CPAVTS 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.

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.

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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting (Continued)***

***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.

**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. With the adoption of a new accounting standard described in Note 16, Student Activities that were previously presented as Agency Funds were evaluated. Based on the evaluation of the School District's administrative involvement in student activities, several activities were merged into the General Fund. Remaining Student Activities are now presented as Custodial Funds.

***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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Presentation (Continued)***

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

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

***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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Accounting (Continued)***

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.
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 2020/2021, 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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Budgets and Budgetary Accounting (Continued)***

Capital budgets are not implemented for capital improvements in the Capital Reserve Fund. All transactions of the Capital Reserve 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.

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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Capital Assets (Continued)***

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

	<b>Governmental Activities Estimated Lives</b>	<b>Business-Type Activities Estimated Lives</b>
Site Improvements	20 – 50 years	N/A
Buildings	20 – 50 years	N/A
Equipment, Furniture and Fixtures	5 – 20 years	5 – 12 years

***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, 2021 consist of various impacts of the accounting for OPEB and pension liabilities as detailed in Note 11 and Note 12, respectively. The School District also reports unavailable revenue on the governmental funds balance sheet as a deferred inflow of resources.

***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.



**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***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.

***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.

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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Compensated Absences (Continued)***

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.

***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, 2021 consists of \$ 1,199,401 for future capital improvements and \$ 234,613 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.

# NORTHERN YORK COUNTY SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### *Net Position- Government-Wide/Proprietary Funds (Continued)*

##### **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.

**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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***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.

***Comparative Data***

Comparative total data for the prior year has been presented in the accompanying financial statements 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. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

***Risks and Uncertainties***

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shutdowns of operations for some businesses and created many economic uncertainties. The long-term financial impact and duration of these impacts cannot be reasonably estimated at this time.

# NORTHERN YORK COUNTY SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 2 CASH AND INVESTMENTS

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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, 2021, 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. 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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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***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, 2021, the School District had the following investments:

<u>Investment</u>	<u>Fair Value</u>
PA Local Government Investment Trust (PLGIT)	\$ 1,645,041
PA School District Liquid Asset Fund - PSDMAX	<u>5,850,048</u>
	<u>\$ 7,495,089</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 \$ 5,850,048. The PSDLAF-MAX is 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-MAX 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 \$ 1,645,041. 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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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***Policies Followed at PSDLAF and PLGIT (Continued)***

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

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of June 30, 2021, the School District's investments were rated as:

<u>Investment</u>	<u>S&amp;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) 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.

**NOTE 3 TAXES**

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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**

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**NOTE 4 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES**

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Taxes receivable and related deferred inflows of resources in the financial statements consist of the following as of June 30, 2021:

Real estate	\$ 428,854
Earned income	1,222,875
Per capita	<u>65,200</u>
	1,716,929
Reserve for uncollectible accounts	<u>(20,946)</u>
Taxes receivable, net	1,695,983
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(1,094,648)</u>
Taxes estimated to be collected after sixty days (unavailable), recorded as deferred inflows of resources in governmental funds	<u>\$ 601,335</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, 2021, total School District property taxes of \$ 2,448,663 were abated under this program.



**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 5 INTERNAL BALANCES**

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Interfund receivables/payables consist of the following at June 30, 2021:

<b>Funds</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 317,751	\$ 1,330
Food Service	<u>1,330</u>	<u>317,751</u>
	<u>\$ 319,081</u>	<u>\$ 319,081</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.

Interfund transfers consist of the following for the year ended June 30, 2021:

<b>Funds</b>	<b>Transfers In</b>	<b>Transfer Out</b>
General Fund	\$ -	\$ 2,029,996
Capital Reserve	25,000	-
Capital Projects	<u>2,004,996</u>	<u>-</u>
	<u>\$ 2,029,996</u>	<u>\$ 2,029,996</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 Capital Projects Fund from the General Fund to move the 2021 bond issuance proceeds available for future capital projects.

**NOTE 6 INTERGOVERNMENTAL RECEIVABLES**

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Intergovernmental receivables at June 30, 2021 consist of the following:

Local:	Deed transfer	\$ 51,772
State:	Social Security	254,647
	Retirement	1,250,848
	Other	49
Federal:	Grants	<u>1,049,761</u>
	Total governmental activities/governmental funds	<u>\$ 2,607,077</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2021:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Cost				
Assets not being depreciated				
Land	\$ 326,188	\$ -	\$ (2,000)	\$ 324,188
Construction in progress	100,400	833,045	-	933,445
Assets being depreciated:				
Site improvements	1,919,889	394,238	-	2,314,127
Buildings	82,976,666	88,895	-	83,065,561
Equipment, furniture, and fixtures	5,405,449	67,314	(74,683)	5,398,080
Total cost	<u>90,728,592</u>	<u>1,383,492</u>	<u>(76,683)</u>	<u>92,035,401</u>
Less accumulated depreciation				
Site improvements	(1,170,733)	(114,439)	-	(1,285,172)
Buildings	(32,449,505)	(1,936,588)	-	(34,386,093)
Equipment, furniture, and fixtures	(4,139,640)	(213,682)	74,683	(4,278,639)
Total accumulated depreciation	<u>(37,759,878)</u>	<u>(2,264,709)</u>	<u>74,683</u>	<u>(39,949,904)</u>
<b>Capital assets, net</b>	<u>\$ 52,968,714</u>	<u>\$ (881,217)</u>	<u>\$ (2,000)</u>	<u>\$ 52,085,497</u>
<b>Business-Type Activities</b>				
Cost				
Equipment, furniture and fixtures	\$ 1,083,322	\$ -	\$ (58,019)	\$ 1,025,303
Less accumulated depreciation:				
Equipment, furniture and fixtures	(995,031)	(9,535)	58,019	(946,547)
<b>Capital assets, net</b>	<u>\$ 88,291</u>	<u>\$ (9,535)</u>	<u>\$ -</u>	<u>\$ 78,756</u>

The balance in construction in progress is related to the renovations performed for potential leased space.

Depreciation expense for the year ended June 30, 2021 was charged to governmental functions as follows:

Instruction	\$ 1,723,896
Instructional student support	86,738
Administrative and financial support services	87,191
Operation and maintenance of plant services	285,580
Student activities	81,304
	<u>\$ 2,264,709</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 8 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS**

Accrued salaries and benefits/withholdings consist of the following as of June 30, 2021:

Accrued salaries	\$ 1,682,517
Retirement	558,360
Social security	128,199
Health insurance	599,834
Other withholdings	65,099
	<u>\$ 3,034,009</u>

**NOTE 9 LONG-TERM LIABILITIES**

The changes in long-term liabilities (other than pension and OPEB) during the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
<b>Governmental Activities</b>						
Bonds						
(A) Series of 2012	\$ 6,330,000	\$ -	\$ (6,330,000)	\$ -	\$ -	\$ -
(B) Series of 2015	3,695,000	-	(3,695,000)	-	-	-
(C) Series of 2015A	6,845,000	-	(6,845,000)	-	-	-
(D) Series of 2017	8,610,000	-	(5,000)	8,605,000	5,000	8,600,000
(E) Series of 2019	6,055,000	-	(210,000)	5,845,000	220,000	5,625,000
Direct Borrowing						
(F) Series of 2021A	-	9,820,000	-	9,820,000	2,705,000	7,115,000
(G) Series of 2021B	-	4,900,000	-	4,900,000	-	4,900,000
Unamortized bond (discount)/premium	1,464,850	1,340,409	(284,414)	2,520,845	303,300	2,217,545
Subtotal - bonds payable	<u>32,999,850</u>	<u>16,060,409</u>	<u>(17,369,414)</u>	<u>31,690,845</u>	<u>3,233,300</u>	<u>28,457,545</u>
Compensated absences						
Vacation leave	244,544	240,294	(236,418)	248,420	78,962	169,458
Personal leave	274,859	273,229	(264,673)	283,415	79,337	204,078
Sick leave	556,603	153,578	(169,323)	540,858	28,144	512,714
Subtotal - compensated absences	<u>1,076,006</u>	<u>667,101</u>	<u>(670,414)</u>	<u>1,072,693</u>	<u>186,443</u>	<u>886,250</u>
Capital lease payable	<u>426,673</u>	<u>-</u>	<u>(48,726)</u>	<u>377,947</u>	<u>81,141</u>	<u>296,806</u>
<b>Total long-term liabilities</b>	<u>\$ 34,502,529</u>	<u>\$ 16,727,510</u>	<u>\$ (18,088,554)</u>	<u>\$ 33,141,485</u>	<u>\$ 3,500,884</u>	<u>\$ 29,640,601</u>
<b>Business-Type Activities</b>						
Compensated absences						
Vacation leave	\$ 9,606	\$ 5,967	\$ (5,279)	\$ 10,294	\$ 4,326	\$ 5,968
Personal leave	2,779	2,751	(2,643)	2,887	1,088	1,799
Sick leave	15,399	3,494	(864)	18,029	-	18,029
<b>Total long-term liabilities</b>	<u>\$ 27,784</u>	<u>\$ 12,212</u>	<u>\$ (8,786)</u>	<u>\$ 31,210</u>	<u>\$ 5,414</u>	<u>\$ 25,796</u>

(A) On December 28, 2012, the School District issued general obligation bonds - Series of 2012 in the amount of \$ 9,230,000 to provide funds to currently refund the School District's Series of 2011 Note and to pay the cost of issuing the bonds. The bonds are due in varying amounts on February 15, 2013 to 2025. The bonds were refunded with the issuance of the general obligation note - Series of 2021.

(B) On March 19, 2015, the School District issued general obligation bonds - Series of 2015 in the amount of \$ 3,815,000 to provide funds towards planning, designing, acquiring, constructing, equipping, and furnishing various capital projects of the School District, including but not limited to the Dillsburg Elementary School project or alterations, additions and renovations or improvements to existing school buildings and facilities, or acquiring related land, fixtures, furnishings or equipment for school purposes and to pay the cost of issuing the bonds. The bonds are due in varying amounts on November 15, 2016 to 2026. The bonds bear fixed interest rates ranging from 0.6% to 3.0%. The bonds were refunded with the issuance of the general obligation note - Series of 2021.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

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- (C) On April 16, 2015, the School District issued general obligation bonds - Series of 2015A in the amount of \$ 9,730,000 to provide funds to currently refund the School District's Series of 2010 bonds and to pay the cost of issuing the bonds. The bonds are due in varying amounts on August 15, 2016 to 2022. The bonds bear fixed interest rates ranging from 0.6% to 2.0%. The bonds were refunded with the issuance of the general obligation note - Series of 2021.
- (D) 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%.
- (E) 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%.
- (F) 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%.

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

(1) Cash Flow gain	\$ 12,426
(2) Economic gain	\$ 58,369

- (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.

- (G) 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 bond. The bonds are due in varying amounts on November 15, 2025 to 2030. The notes bear interest at a rate of 4%.

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

(1) Cash Flow gain	\$ 221,155
(2) Economic gain	\$ 257,359

The School District's general obligation bonds 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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

The annual debt requirements for future general obligation bonds as of June 30, 2021 are as follows:

	<b>Bonds</b>				<b>Direct Borrowing</b>	
	<b>Series of 2017</b>		<b>Series of 2019</b>		<b>Series of 2021A</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 5,000	\$ 423,150	\$ 220,000	\$ 208,000	\$ 2,705,000	\$ 208,870
2023	5,000	423,050	225,000	201,300	2,710,000	189,200
2024	5,000	422,938	230,000	192,200	2,800,000	106,100
2025	265,000	419,563	2,770,000	137,700	470,000	47,750
2026	5,000	416,125	1,990,000	48,000	1,135,000	22,700
2027 - 2031	8,320,000	950,500	410,000	16,600	-	-
	<u>\$ 8,605,000</u>	<u>\$ 3,055,326</u>	<u>\$ 5,845,000</u>	<u>\$ 803,800</u>	<u>\$ 9,820,000</u>	<u>\$ 574,620</u>
	<b>Direct Borrowing</b>					
	<b>Series of 2021B</b>		<b>Totals</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>		
2022	\$ -	\$ 170,212	\$ 2,930,000	\$ 1,010,232	\$ 3,940,232	
2023	-	186,250	2,940,000	999,800	3,939,800	
2024	-	186,250	3,035,000	907,488	3,942,488	
2025	-	186,250	3,505,000	791,263	4,296,263	
2026	325,000	184,625	3,455,000	671,450	4,126,450	
2027 - 2031	4,575,000	309,900	13,305,000	1,277,000	14,582,000	
	<u>\$ 4,900,000</u>	<u>\$ 1,223,487</u>	<u>\$ 29,170,000</u>	<u>\$ 5,657,233</u>	<u>\$ 34,827,233</u>	

***Subsequent Event***

Subsequent to year end, on October 21, 2021, the School District issued a general obligation note, Series of 2021C in the amount of \$ 2,400,000 to fund future capital projects. The notes bear interest rates ranging from 2.45% to 4.5%.

***Capital Leases***

The School District is financing the purchase of postage meters and energy upgrades, through capital leases with vendors. At June 30, 2021, the leased assets have a gross capitalized value of \$ 1,426,877 and accumulated depreciation of \$ 890,317, leaving a net book value of \$ 536,560 that is included in capital assets. Amortization expense of \$ 47,190 is included in depreciation expense.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 9 LONG-TERM LIABILITIES (CONTINUED)**

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***Capital Leases (Continued)***

The aggregate amount of future payments required on capital leases at June 30, 2021 is as follows:

2022	\$	99,027
2023		94,303
2024		71,670
2025		71,671
2026		48,597
2027		<u>47,369</u>
		432,637
Amount representing interest		(51,529)
Amount representing maintenance		<u>(3,161)</u>
	\$	<u>377,947</u>

**NOTE 10 SHORT-TERM LIABILITIES**

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The School District incurred temporary indebtedness in anticipation of the receipt of taxes and other current revenues in accordance with the projected cash flow requirements. Short-term debt activity for the year ended June 30, 2021 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
(A) Series of 2020 Note	<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ (4,000,000)</u>	<u>\$ -</u>

(A) On July 21, 2020, the School District authorized a resolution to borrow in anticipation of current taxes and revenues with the issuance of a \$ 4,000,000 tax and revenue anticipation note, Series of 2020. The note bears interest at a rate not to exceed 1.35%. The note was paid in full in October of 2020.

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

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***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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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***Plan Descriptions and Benefits Provided (Continued)***

**School District Plan (Continued)**

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.

**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.

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.

The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

***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	<u>23</u>
Total	<u><u>351</u></u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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***Contributions***

**PSERS**

The School District’s contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% 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 \$ 163,628 for the year ended June 30, 2021.

***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, 2021, the School District reported a total OPEB liability of \$ 4,777,292.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 483,609.

**PSERS**

At June 30, 2021, the School District reported a liability of \$ 3,115,725 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2021, the School District’s proportion was 0.1442 percent, which was an decrease of 0.0028 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 157,250.

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

	<b>Total OPEB/ Net OPEB Liability</b>	<b>OPEB Expense</b>
School District Plan	\$ 4,777,292	\$ 483,609
PSERS	<u>3,115,725</u>	<u>157,250</u>
Total	<u>\$ 7,893,017</u>	<u>\$ 640,859</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**

	<b>Total OPEB Liability</b>
<b>Beginning Balance</b>	\$ 3,583,857
<b>Changes for the year:</b>	
Service cost	300,576
Interest	128,213
Changes of benefit terms	-
Differenes between expected and actual experien	345,840
Changes in assumptions	545,409
Benefit payments	<u>(126,603)</u>
Net changes	<u>1,193,435</u>
<b>Ending Balance</b>	<u>\$ 4,777,292</u>

At June 30, 2021, 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	\$ 511,188	\$ -	\$ 29,000	\$ -	\$ 540,188	\$ -
Changes in assumptions	554,639	353,966	127,000	68,000	681,639	421,966
Net difference between projected and actual investment earnings	-	-	5,000	-	5,000	-
Changes in proportions - plan	-	-	54,000	67,000	54,000	67,000
Changes in proportions - fund	-	-	12,717	12,717	12,717	12,717
Difference between employer contributions and proportionate share of total contributions	-	-	1,887	2,304	1,887	2,304
Benefit payments/contributions subsequent to the measurement date	<u>227,269</u>	<u>-</u>	<u>164,824</u>	<u>-</u>	<u>392,093</u>	<u>-</u>
	<u>\$ 1,293,096</u>	<u>\$ 353,966</u>	<u>\$ 394,428</u>	<u>\$ 150,021</u>	<u>\$ 1,687,524</u>	<u>\$ 503,987</u>

The amount of \$ 392,093 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, 2021 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:			
2022	\$ 54,820	\$ 9,787	\$ 64,607
2023	54,820	8,787	63,607
2024	54,820	8,787	63,607
2025	54,820	36,787	91,607
2026	54,820	14,287	69,107
Thereafter	<u>437,761</u>	<u>1,148</u>	<u>438,909</u>
Total	<u>\$ 711,861</u>	<u>\$ 79,583</u>	<u>\$ 791,444</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, 2020 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, 2020, was determined by rolling forward the System's Total OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement.

	<b>School District Plan</b>	<b>PSERS</b>
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	1.86% - S&P 20 year municipal bond rate.	2.66% - S&P 20 year municipal bond rate.
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 5.00%, comprised of inflation of 2.75% and 2.25% 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 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.
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**

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**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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***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.

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
U.S. Core Fixed Income	46.5%	(0.1%)
Non-U.S. Developed Fixed	<u>3.2%</u>	(0.1%)
	<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, 2020.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 1.86% for the School District’s Plan and 2.66% for PSERS. The School District Plan is not funded, therefore, the S&P 20-year municipal bond rate of 1.86% as of July 1, 2020 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 2.66% which represents the S&P 20-year municipal bond rate at June 30, 2020, 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 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
School District Plan - Total OPEB liability	\$ 5,148,323	\$ 4,777,292	\$ 4,426,133

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
PSERS - School District's proportionate share of the net OPEB liability	3,552,000	3,115,725	2,754,000

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

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	<u>\$ 4,181,756</u>	<u>\$ 4,777,292</u>	<u>\$ 5,495,997</u>

**PSERS**

	1% Decrease (Between 4% to 6.5%)	Healthcare Cost Trend Rate (Between 5% to 7.5%)	1% Increase (Between 6% to 8.5%)
PSERS - School District's proportionate share of the net OPEB liability	<u>\$ 3,115,000</u>	<u>\$ 3,115,725</u>	<u>\$ 3,116,000</u>

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

**School District Plan**

As of June 30, 2021, the School District had no amounts payable to the School District OPEB Plan.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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***Payables to the OPEB Plan***

**PSERS**

As of June 30, 2021, the School District had \$ 14,059 included in accrued wages liability, which is related to the accrued payroll liability for wages incurred as of June 30, 2021.

**NOTE 12 PENSION PLAN**

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***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](http://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 (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.

**NOTE 12 PENSION PLAN (CONTINUED)**

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***General Information about the Pension Plan (Continued)***

**Benefits Provided (Continued)**

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:*

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

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

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

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

Members who joined the System after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% (base rate) of the member's qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 12 PENSION PLAN (CONTINUED)**

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***General Information about the Pension Plan (Continued)***

*Employer Contributions:*

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% 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 \$ 6,722,712. In addition, the School's contribution to the defined contribution plan was \$ 23,084 for the year ended June 30, 2021.

*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, 2021, the School District recognized revenue of \$ 3,557,948 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, 2021, the School District reported a liability of \$ 70,904,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2020, the School District's proportion was 0.1440 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense as follows:

Governmental Activities	\$ 7,730,597
Business-type Activities	116,700

**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, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 185,000	\$ 1,699,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	3,116,000	-
Changes in proportionate share - plan	585,000	1,238,000
Changes in proportionate share - fund	185,683	185,683
Difference between employer contributions and proportionate share of total contributions	133,981	-
Contributions subsequent to the measurement date	<u>6,794,409</u>	<u>-</u>
	<u>\$ 11,000,073</u>	<u>\$ 3,122,683</u>

The \$ 6,794,409 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (317,817)
2023	(109,850)
2024	585,648
2025	<u>925,000</u>
Total	<u>\$ 1,082,981</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25% includes inflation at 2.75%
- Salary growth – effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.



**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)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	15.0%	5.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Private equity	15.0%	7.2%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

**Discount Rate**

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

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 12 PENSION PLAN (CONTINUED)**

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

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.25%</b>	<b>Discount Rate</b>	<b>8.25%</b>
	<b>6.25%</b>	<b>7.25%</b>	<b>8.25%</b>
District's proportionate share of the net pension liability	<u>\$ 87,723,000</u>	<u>\$ 70,904,183</u>	<u>\$ 56,656,000</u>

**Pension Plan Fiduciary Net Position**

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

**Payables to the Pension Plan**

As of June 30, 2021, the School District had \$ 544,301 is related to the accrued payroll liability for wages incurred as of year-end.

**NOTE 13 OPERATING LEASES**

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The School District has entered into noncancelable operating leases or service agreements for the use of copiers and a bus radio tower. The total rent expense paid on these during the year ended June 30, 2021 was \$ 157,131. The School District has the following future minimum payments as of June 30, 2021:

	<b>Copiers</b>	<b>Bus Radio</b>	<b>Total</b>
		<b>Tower</b>	
2022	\$ 61,964	\$ 6,000	\$ 67,964
2023	61,964	6,000	67,964
2024	61,964	-	61,964
2025	61,964	-	61,964
2026	<u>61,965</u>	<u>-</u>	<u>61,965</u>
	<u>\$ 309,821</u>	<u>\$ 12,000</u>	<u>\$ 321,821</u>

**NOTE 14 AFFILIATES**

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Payments to fund operations of affiliated entities for the year ended 2020/2021 were as follows:

Cumberland-Perry Area Vocational Technical School	\$ 534,119
Capital Area Intermediate Unit	\$ 2,077,717

# NORTHERN YORK COUNTY SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 15 COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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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.

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.

Effective July 1, 2021, all of the geographical area of Washington Township, York County, Pennsylvania (the "Township") was transferred to and became a part of and will be served by the School District. The Township was transferred from the Dover Area School District (the "DASD"). The transfer 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 will be the taxing authority with respect to school taxes for the taxpayers of the Township and will be responsible for the education of the students who reside in the Township. 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. 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 negative effect 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.

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, 2021 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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 15 COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS (CONTINUED)**

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***Construction Contracts***

As of June 30, 2021, the School District had commitments as follows:

	<b>Total Estimated Costs</b>	<b>Total Costs Incurred</b>	<b>Total Costs To Be Incurred</b>
Northern High School Natatorium Renovation	\$ 1,608,329	\$ 805,832	\$ 802,497
Athletic Field Turf Field Installation	<u>2,473,875</u>	<u>127,613</u>	<u>2,346,262</u>
	<u>\$ 4,082,204</u>	<u>\$ 933,445</u>	<u>\$ 3,148,759</u>

**NOTE 16 RISK MANAGEMENT**

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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.

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 16 RISK MANAGEMENT (CONTINUED)**

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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, 2021:

Net position - July 1, 2020	\$ 3,120,515
Contributions and interest income	5,097,538
Claims paid	(5,385,302)
PA Trust reimbursement	569,984
Stop-loss insurance	(329,249)
PA Trust insurance premiums	(248,941)
Stop-loss pool reimbursement	460,670
Administrative fees	(241,584)
PA Trust experience refund	36,380
Other	<u>(10,429)</u>
Net position - June 30, 2021	<u>\$ 3,069,582</u>

Overall, the Lincoln Benefit Trust has net position of \$ 85,107,384 as of June 30, 2021 and showed a decrease in net position of (\$ 13,956,198) for the year then ended. Financial statements of the Trust are available at the School District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2020**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY/ GAAP BASIS)	WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Local Sources				
Taxes	\$ 31,830,794	\$ 31,830,794	\$ 32,670,303	\$ 839,509
Investment earnings	130,000	130,000	13,645	(116,355)
Federal revenue from intermediate sources	563,000	563,000	627,956	64,956
Other	559,800	559,800	463,393	(96,407)
State sources	16,559,255	16,559,255	17,131,774	572,519
Federal sources	<u>413,000</u>	<u>413,000</u>	<u>1,739,795</u>	<u>1,326,795</u>
Total revenues	<u>50,055,849</u>	<u>50,055,849</u>	<u>52,646,866</u>	<u>2,591,017</u>
<b>EXPENDITURES</b>				
Instruction	28,759,715	28,759,715	30,535,019	(1,775,304)
Support services	15,721,854	15,721,854	15,472,850	249,004
Operation of noninstructional services	1,586,423	1,586,423	1,391,096	195,327
Debt service				
Principal	3,381,000	3,381,000	3,426,911	(45,911)
Interest	1,042,639	1,042,639	1,006,771	35,868
Bond issue costs			119,883	(119,883)
Underwriter's bond discount	-	-	114,080	(114,080)
Total expenditures	<u>50,491,631</u>	<u>50,491,631</u>	<u>52,066,610</u>	<u>(1,574,979)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term financing	-	-	14,720,000	14,720,000
Refunding of G.O. Bonds	-	-	(13,818,840)	(13,818,840)
Proceeds from sale of capital assets	97,000	97,000	115,297	18,297
Proceeds from insurance	-	-	4,166	4,166
Bond premium	-	-	1,340,409	1,340,409
Interfund transfers	<u>(29,000)</u>	<u>(29,000)</u>	<u>(2,029,996)</u>	<u>(2,000,996)</u>
Total other financing sources and (uses)	<u>68,000</u>	<u>68,000</u>	<u>331,036</u>	<u>263,036</u>
Net change in fund balances	<u>\$ (367,782)</u>	<u>\$ (367,782)</u>	<u>\$ 911,292</u>	<u>\$ 1,279,074</u>

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

<b>For the Fiscal Year Ended June 30</b>	<b>School District's Proportion of the Net Pension Liability (Asset)</b>	<b>School District's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>School District's Covered Payroll - Measurement- Period</b>	<b>School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2021	0.1440%	\$ 70,904,183	\$ 20,235,280	350.40%	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 2018/2019 fiscal year:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment return – 7.25% includes inflation at 2.75%
- Salary growth – effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-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.



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

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<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll - fiscal year</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2021	\$ 6,722,712	\$ 6,722,712	\$ -	\$ 19,977,136	33.65%
2020	6,740,800	6,740,800	-	20,235,280	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%

**NOTES**

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

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

	2021	2020	2019
<b>Total OPEB liability</b>			
Service cost	\$ 300,576	\$ 300,730	\$ 241,741
Interest	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	545,409	(108,862)	(331,743)
Benefit payments	<u>(126,603)</u>	<u>(121,440)</u>	<u>(167,827)</u>
Net change in total OPEB liability	1,193,435	178,897	130,303
Total OPEB liability - beginning	<u>3,583,857</u>	<u>3,404,960</u>	<u>3,274,657</u>
Total OPEB liability - ending	<u>\$ 4,777,292</u>	<u>\$ 3,583,857</u>	<u>\$ 3,404,960</u>
Covered employee payroll	\$ 18,003,994	N/A	\$ 18,831,627
Total OPEB liability as a percentage of covered employee payroll	26.53%	N/A	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**

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<b>For the Fiscal Year Ended June 30</b>	<b>School District's Proportion of the Net OPEB Liability (Asset)</b>	<b>School District's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>School District's Covered Payroll - measurement period</b>	<b>School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
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**

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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**

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<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll - Fiscal Year</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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**

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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, 2021**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	Federal CFDA Number	Pass-through Grantor's Number	Program Period	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2020	Revenue Recognized	Expenditures	Receivable (Unearned) at June 30, 2021	Total Passed-through to Subrecipients
<b>DEPARTMENT OF EDUCATION</b>											
<b>Passed through the Pennsylvania Department of Education</b>											
ESEA Title I	I	84.010	013-20-0302	July 1, 2019 - September 30, 2020	\$ 314,235	\$ 124,003	\$ 49,987	\$ 74,016	\$ 74,016	\$ -	\$ -
ESEA Title I	I	84.010	013-21-0302	July 1, 2020 - September 30, 2021	313,443	207,257	-	242,856	242,856	35,599	-
Title I					627,678	331,260	49,987	316,872	316,872	35,599	-
ESEA Title II - Part A	I	84.367	020-20-0302	July 1, 2019 - September 30, 2020	64,877	25,080	16,229	8,851	8,851	-	-
ESEA Title II - Part A	I	84.367	020-21-0302	July 1, 2020 - September 30, 2021	68,984	45,773	-	56,645	56,645	10,872	-
Title II					133,861	70,853	16,229	65,496	65,496	10,872	-
LEP Title III	I	84.365	010-210615	August 19, 2020 - September 30, 2021	5,148	5,148	-	5,148	5,148	-	-
ESEA Title IV	I	84.424	144-20-0302	July 1, 2019 - June 30, 2020	25,276	7,583	7,583	-	-	-	-
ESEA Title IV	I	84.424	144-21-0302	July 1, 2020 - June 30, 2021	23,831	15,887	-	23,831	23,831	7,944	-
Title IV					49,107	23,470	7,583	23,831	23,831	7,944	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)	I	84.425D	200-20-0302	March 13, 2020 - September 30, 2022	258,095	258,095	95,475	162,620	162,620	-	-
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	-	-	829,179	829,179	829,179	-
COVID-19 ESSER School Health and Safety Grant	I	84.425D	2020-ES-01-35499	March 13, 2020 - September 30, 2022	100,756	100,756	-	100,756	100,756	-	-
					1,516,299	358,851	95,475	1,092,555	1,092,555	829,179	-
<b>Passed through Capital Area Intermediate Unit Special Education Cluster (I.D.E.A.)</b>											
I.D.E.A.	I	84.027	N/A	July 1, 2019 - June 30, 2020	505,424	273,272	273,272	-	-	-	-
I.D.E.A.	I	84.027	062-210015	July 1, 2020 - June 30, 2021	498,978	332,810	-	498,978	498,978	166,168	-
COVID-19 Special Education Impact Mitigation Grant	I	84.027	252-20-0302	March 13, 2020 - September 30, 2021	21,961	21,961	-	21,961	21,961	-	-
					1,026,363	628,043	273,272	520,939	520,939	166,168	-
I.D.E.A. - Preschool	I	84.173	131-200015	July 1, 2020 - June 30, 2021	2,688	2,688	-	2,688	2,688	-	-
Total Special Education Cluster					1,029,051	630,731	273,272	523,627	523,627	166,168	-
<b>Total U.S. Department of Education</b>						1,420,313	442,546	2,027,529	2,027,529	1,049,762	-
<b>DEPARTMENT OF TREASURY</b>											
<b>Passed through the Pennsylvania Commission on Crime and Delinquency</b>											
COVID-19 School Health and Safety Grant	I	21.019	2020-CS-01-33787	March 1, 2020 - October 30, 2020	240,488	240,488	21,408	219,080	219,080	-	-
<b>Total U.S. Department of Treasury</b>						\$ 240,488	\$ 21,408	\$ 219,080	\$ 219,080	\$ -	\$ -

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	Federal CFDA Number	Pass-through Grantor's Number	Program Period	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2020	Revenue Recognized	Expenditures	Receivable (Unearned) at June 30, 2021	Total Passed-through to Subrecipients
<b>Child Nutrition Cluster</b>											
<b>Passed through the Pennsylvania Department of Education</b>											
COVID-19 School Breakfast Program	I	10.553	N/A	July 1, 2019 - June 30, 2020	N/A	\$ 12,122	\$ 12,122	\$ -	\$ -	\$ -	\$ -
COVID-19 School Breakfast Program	I	10.553	N/A	July 1, 2020 - June 30, 2021	N/A	161,538	-	196,344	196,344	34,806	-
Total Breakfast Program						173,660	12,122	196,344	196,344	34,806	-
COVID-19 School Lunch Program	I	10.555	N/A	July 1, 2019 - June 30, 2020	N/A	19,175	19,175	-	-	-	-
COVID-19 School Lunch Program	I	10.555	N/A	July 1, 2020 - June 30, 2021	N/A	504,361	-	616,505	616,505	112,144	-
<b>Passed through the Pennsylvania Department of Agriculture</b>											
Value of USDA Commodities	I(B)	10.555	N/A	July 1, 2020 - June 30, 2021	N/A	51,150	-	51,150	51,150	-	-
Total Lunch Program						574,686	19,175	667,655	667,655	112,144	-
Total Child Nutrition Cluster						748,346	31,297	863,999	863,999	146,950	-
<b>Total U.S. Department of Agriculture</b>						748,346	31,297	863,999	863,999	146,950	-
<b>Total Expenditures of Federal Awards</b>						<u>\$ 2,409,147</u>	<u>\$ 495,251</u>	<u>\$ 3,110,608</u>	<u>\$ 3,110,608</u>	<u>\$ 1,196,712</u>	<u>\$ -</u>

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

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**NOTE 1 REFERENCE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

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***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.





**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, 2021, 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 2, 2021.

***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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

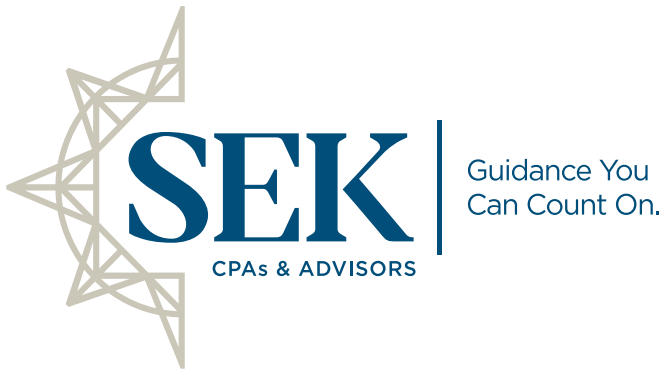
As part of obtaining reasonable assurance about whether Northern York County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

*Smith & Elliott Reams Company, LLC*

Chambersburg, Pennsylvania  
December 2, 2021



## **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***

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, 2021. 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.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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

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, 2021.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

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



Chambersburg, Pennsylvania  
December 2, 2021

**NORTHERN YORK COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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**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 audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516?  Yes  No

Identification of the major programs:

CFDA Number(s)	Name of Federal Program
84.425	Education Stabilization Fund
21.019	Coronavirus Relief 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, 2021**

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**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

650 South Baltimore Street

Dillsburg, PA 17019

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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, 2021**

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**Findings related to financial statements:**

None noted

**Findings related to federal awards:**

None noted