

Audited
Financial
Statements

June 30,
2022

**Southern York County
School District**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southern York County School District
Glen Rock, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Southern York County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Southern York County School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern York County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Southern York County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southern York County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, the budgetary comparison schedule on page 57, and the schedules related to the pension and OPEB liabilities on pages 59 to 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southern York County School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 15, 2022, on our consideration of Southern York County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southern York County School District 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 Southern York County School District's internal control over financial reporting and compliance.



Chambersburg, Pennsylvania
December 15, 2022

SOUTHERN YORK COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis of Southern York County School District's (the School District) financial performance provides a brief overview of the School District's financial activities for the fiscal year ended June 30, 2022. The Management Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB), in their Statement No. 34 Basic Financial Statements.

The accompanying financial statements for Southern York County School District for the fiscal year ended June 30, 2022 have been prepared in accordance with GASB Statement No. 34 and present both Government-Wide and Fund Level Financial Statements using both the accrual and modified accrual basis of accounting, respectively. The Government-Wide Financial Statements show financial information about the activities of the School District as a whole and provide a longer-term view of the School District's finances. The two statements that provide this information are the Statement of Net Position and the Statement of Activities. These statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. These statements are prepared using the accrual basis of accounting. All assets, deferred outflows of resources, liabilities and deferred inflows of resources of the School District are included in these statements, and all of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. This method of financial presentation is similar to the accounting used by most private-sector companies.

Fund Financial Statements show how the School District finances its services in the short term, as well as, what remains for future spending. Fund Financial Statements provide separate information for the School District's most significant funds and then non-major funds are aggregated and presented together. The modified accrual method of accounting is used in Governmental Fund Financial Statements. This method measures cash and all other financial assets that can be readily converted to cash. In the financial statements there is a reconciliation, which shows the differences between the Government-Wide Financial Statements and the Governmental Fund Financial Statements. Proprietary funds present activities that operate similar to business-type activities including internal services funds. Lastly, a Statement of Fiduciary Net Position is provided which provides financial information about activities that the School Board acts solely as an agent for the benefit of students. These activities are excluded from the other financial statements of the School District because these assets cannot be used to finance the School District's operations.

**SOUTHERN YORK COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

Comparative Summary of Net Position as of June 30, 2022 and June 30, 2021

	June 30, 2022		June 30, 2021	
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities
Assets				
Current Assets	\$ 72,437,124	\$ 554,627	\$ 28,440,908	\$ 123,902
Capital and Other Assets	46,196,449	64,877	36,176,850	73,782
Total Assets	<u>118,633,573</u>	<u>619,504</u>	<u>64,617,758</u>	<u>197,684</u>
Deferred Outflows of Resources	13,667,145	24,186	14,337,882	12,799
Total Deferred Outflows of Resources	<u>13,667,145</u>	<u>24,186</u>	<u>14,337,882</u>	<u>12,799</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 132,300,718</u>	<u>\$ 643,690</u>	<u>\$ 78,955,640</u>	<u>\$ 210,483</u>
Liabilities				
Current and Other Liabilities	\$ 10,440,695	\$ 54,142	\$ 8,915,625	\$ 82,295
Long-Term Liabilities	145,276,717	80,954	110,608,106	88,958
Total Liabilities	<u>155,717,412</u>	<u>135,096</u>	<u>119,523,731</u>	<u>171,253</u>
Deferred Inflows of Resources	14,175,285	66,252	4,514,877	89,629
Total Deferred Inflows of Resources	<u>14,175,285</u>	<u>66,252</u>	<u>4,514,877</u>	<u>89,629</u>
Net Position				
Net Investment in Capital Assets	17,111,282	64,877	11,099,835	73,782
Restricted	888,954	58,283	697,459	12,180
Unrestricted (deficit)	(55,592,215)	319,182	(56,880,262)	(136,361)
Total Net Position	<u>(37,591,979)</u>	<u>442,342</u>	<u>(45,082,968)</u>	<u>(50,399)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 132,300,718</u>	<u>\$ 643,690</u>	<u>\$ 78,955,640</u>	<u>\$ 210,483</u>

The (\$ 55,592,215) of unrestricted net position as of June 30, 2022, represents the accumulated results of all past years operations for governmental activities. The amount of unrestricted net position represents the amount of funds the School District would have remaining if all of the outstanding obligations were paid as of June 30, 2022. Unrestricted net position is in a deficit, which is attributed to the \$ 69.6 million net pension obligation. The pension obligation is recorded at 100% of the pension cost, but the state reimburses 50% of this cost when paid. Net Investment in Capital Assets of \$ 17,111,282 represents that the value of the capitalized assets plus unspent bond proceeds is greater than the current debt outstanding. The School District capitalizes assets purchased that cost greater than \$ 5,000 (an increase from \$ 2,500 in prior years). Many of the projects financed with debt would have been used to purchase assets with a cost less than \$ 5,000, which would be expensed in both the Fund Financial Statements and the Government-Wide Financial Statements. The physical plant of the School District is currently valued in excess of \$ 100 million dollars and is properly insured for that value.

**SOUTHERN YORK COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The results of the current year's operations are reflected in the Statement of Activities for the year ended June 30, 2022. As reflected in the Statement of Activities, the change in net position for the current year was \$ 7,403,037 for Governmental and \$ 492,741 for Business-Type Activities. This statement provides a summary of the total cost of the services provided by the School District, and the offsetting revenue used to support those services. Below is a summary of the School District's functions, as well as the School District's net cost (total cost less revenues generated by the activities or grants and funding specific to the program). The net cost is the amount of financial burden, which was placed on the School District's taxpayers and the cost provided by non-specific grants (such as basic education funding).

**Comparative Summary of Cost of Services and Change in Net Position
For the Years Ended June 30, 2022 and June 30, 2021**

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Total Cost of Services	Program Revenue	Net Cost of Services	Total Cost of Services	Program Revenue	Net Cost of Services
Governmental and Business-Type Activities						
Regular Program Instruction	\$ 23,135,857	\$ 3,947,293	\$ 19,188,564	\$ 25,748,730	\$ 3,914,907	\$ 21,833,823
Special Program Instruction	7,314,436	3,645,123	3,669,313	7,530,173	3,413,343	4,116,830
Other Program Instruction	1,018,905	37,763	981,142	951,884	1,253	950,631
Administration and Other Support	6,765,180	1,099,086	5,666,094	6,204,001	1,008,240	5,195,761
Interest and Fiscal Charges	770,085	246,180	523,905	626,577	1,045,140	(418,563)
Operation of Plant Services	5,750,484	486,623	5,263,861	4,951,723	570,357	4,381,366
Pupil Support Services	4,627,677	957,454	3,670,223	4,550,802	712,945	3,837,857
Student Transportation Services	2,416,056	1,074,934	1,341,122	2,174,069	1,040,714	1,133,355
Food Service	1,536,489	2,028,941	(492,452)	757,212	798,066	(40,854)
Non-Instructional Support Services	1,177,769	264,441	913,328	989,128	132,433	856,695
Adult and Community Services	3,450	7,899	(4,449)	5,340	45	5,295
Total Governmental and Business-Type Activities	<u>\$ 54,516,388</u>	<u>\$ 13,795,737</u>	<u>\$ 40,720,651</u>	<u>\$ 54,489,639</u>	<u>\$ 12,637,443</u>	<u>\$ 41,852,196</u>

As shown in the above schedule, 2022 programs generated \$ 13,795,737 in revenue to offset the total cost of services. Program revenue consists of charges to users and operating or capital grants provided by state or federal subsidies. The additional revenue used to provide the School District services was generated from taxes, investment earnings, or grants and entitlements from the state, which were not restricted for specific programs. Overall, the taxes paid by the School District's residents provided approximately 62.72% of the School District's support for the year ended June 30, 2022. Below is a summary of the revenues used to provide services for the School District. Primarily, the increase in Program Revenues is attributable to Federal grants as a result of the COVID-19 pandemic.

Revenue Source	Year Ended June 30, 2022		Year Ended June 30, 2021	
	Program Revenue	General Revenue	Program Revenue	General Revenue
Charges for Services	\$ 530,708	\$ -	\$ 227,176	\$ -
Operating Grants and Contributions	12,591,438	-	10,813,365	-
Capital Grants and Contributions	673,591	-	1,596,902	-
Taxes	-	39,143,796	-	37,855,653
Unrestricted Grants and Entitlements	-	9,351,677	-	9,047,213
Investment Earnings	-	98,678	-	27,210
Miscellaneous/Transfers	-	22,278	-	(16,762)
Total Revenue	<u>\$ 13,795,737</u>	<u>\$ 48,616,429</u>	<u>\$ 12,637,443</u>	<u>\$ 46,913,314</u>

**SOUTHERN YORK COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FUND FINANCIAL STATEMENTS

As stated earlier, Fund Financial Statements provide the reader with an understanding of how the School District finances its services in the short-term, and what funds are available for future spending. School Boards establish various funds to control and manage resources for particular purposes or due to legal requirements. The three significant funds that the School District maintains are: the General Fund, which is the principal operating fund of the School District; the Capital Reserve Fund, which is used to monitor larger projects of the School District and to maintain excess funds from the general fund for future capital use; and the Debt Service Fund, which is used for issuance and payment of debt. Currently, the School District maintains a fourth fund, the Capital Projects Fund, which is used for the high school building renovations and additions project and a fifth fund, the Student Activity Fund, which is used for maintaining Student clubs and activities.

The School District continues to maintain a healthy fund balance in the General Fund. The fund balance in the General Fund increased by \$ 2,934,874 for the year ending June 30, 2022. The increase in fund balance is a result of lower than anticipated salary and benefit expenses due to positions remaining unfilled or vacant. Overall, many other expenditure categories, such as transportation and substitute teacher costs were lower in the 2021-2022 fiscal year. Expenditure savings were coupled with higher-than-budgeted real estate and transfer tax revenues. Other positive revenue highlights include a one-time increase to federal pass-through funding and higher than budgeted state basic and special education funding.

The fund balance (operating reserve) as of June 30, 2022, is \$ 17,293,900, or 27.49% of the 2022-2023 expenditure budget. The 2022-2023 general fund budget was balanced by using \$ 1,500,000 of the general fund balance. The School District has been assigning surplus amounts for future capital expenditures, such as projects included in our feasibility study. As of June 30, 2022, \$ 12,459,013 has been assigned. Fund balance has also been either restricted, committed, or assigned for prepaid expenditures, agreements, and for large purchases that did not arrive prior to June 30, 2022. This amount of fund balance is \$ 189,774. These assignments of fund balance reduce the unassigned fund balance to 5%, which is the goal set by the Board of Education as a standard of financial health.

The Capital Reserve Fund balance as of June 30, 2022, is \$ 853,262. This balance consists of funds remaining from projects completed under budget and projects not completed as of June 30, 2022. Projects have been designated for the use of these funds. The Capital Projects Fund balance as of June 30, 2022, is \$ 39,950,600 and is for the Susquehannock High School Renovations and Additions project and the sewer project. The last major fund in the fund financial statements is the Debt Service Fund. The Debt Service Fund had a balance of \$ 4,082,365 as of June 30, 2022. These funds will be used for the phase-in of future debt service payments. This balance continues to increase as it relates to the School District's plan for phasing in additional millage for future capital projects. The Other Governmental Fund, as presented in the financial statements represents student activity funds, which because of the implementation of GASB 84, is presented with Governmental Funds on the financial statements. Effective in the 2020-2021 fiscal year, these are presented on the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds. Prior to the 2020-2021 year-end, these were shown in the Statement of Fiduciary Net Position.

**SOUTHERN YORK COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2022, the School District had \$ 46,160,670 (net of accumulated depreciation/amortization) invested in a broad range of capital assets including land, buildings, furniture and equipment, and construction in progress. This amount is the value of capitalized assets plus unspent bond proceeds, less the current debt outstanding. The School District capitalizes assets purchased with a cost greater than \$ 5,000 (increased from \$ 2,500 in prior years.) Other assets purchased are expensed when purchased.

As of June 30, 2022, the School District had \$ 66,406,000 (gross of bond discounts) in outstanding general obligation bonds and notes.

GENERAL FUND BUDGET HIGHLIGHTS

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

Funding of education continues to be one of the most volatile issues in Pennsylvania politics, and we are affected, as any other school district would be. The passage of tax reform legislation, effective July 1, 2006, changed the playing field even more than in the past. While the 2022-2023 state budget included a significant increase in some funding categories, additional state and federal mandates continue without adequate funding.

The School District was able to balance the budget for the 2022-2023 school year without a tax increase. Our real estate tax rate continues to be the lowest compared to other York County school districts in the Lincoln Intermediate Unit. There was a tax increase of 2.68% or an increase of .51 mills for the 2021-2022 school year.

Below is a comparative summary of the General Fund Budget by major category compared to the actual results for years ended June 30, 2022 and 2021, respectively. The 2021-2022 budget included use of \$ 1,500,000 of fund balance. As shown below, General Fund revenues exceeded General Fund expenditures by \$ 2,934,874 for the year ended June 30, 2022. Revenues exceeded the final budget by \$ 934,609, primarily relating to an increase in local tax revenues. Expenditures and Other Financing Sources (Uses) were under budget by \$ 3,500,265, as the School District experienced lower-than-anticipated salary and benefit expenditures that were due to positions remaining unfilled or vacant. Several other expenditure categories, such as transportation and substitute teacher costs were below budget in the 2021-2022 fiscal year. As a result of the increased revenues and reduced expenditures, the School District used no fund balance to balance the 2021-2022 school year.

**SOUTHERN YORK COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Comparative Summary of Final General Fund Budget
Compared to Actual General Fund Results
Years Ended June 30, 2022 and June 30, 2021**

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Final Budget	Actual Results	Variance Favorable/ (Unfavorable)	Final Budget	Actual Results	Variance Favorable/ (Unfavorable)
Local Revenue	\$ 39,450,717	\$ 40,183,225	\$ 732,508	\$ 37,779,419	\$ 38,945,153	\$ 1,165,734
State Revenue	18,263,824	18,470,731	206,907	18,914,805	18,637,326	(277,479)
Federal Revenue	1,321,473	1,316,667	(4,806)	1,154,153	986,105	(168,048)
Total Revenue	59,036,014	59,970,623	934,609	57,848,377	58,568,584	720,207
Instruction	34,668,403	32,155,708	2,512,695	33,409,734	31,535,345	1,874,389
Support Services	19,532,069	18,411,527	1,120,542	19,296,697	17,317,981	1,978,716
Non-Instructional Services	1,173,981	1,085,028	88,953	1,110,358	914,679	195,679
Refund of Prior Year Receipts	-	21,582	(21,582)	-	3,815	(3,815)
Debt service	-	197,843	(197,843)	-	197,843	(197,843)
Other Financing (Sources)/Uses	5,161,561	5,164,061	(2,500)	5,531,588	5,854,945	(323,357)
Total Expenditures	60,536,014	57,035,749	3,500,265	59,348,377	55,824,608	3,523,769
Excess Revenue over Expenditures	\$ (1,500,000)	\$ 2,934,874	\$ 4,434,874	\$ (1,500,000)	\$ 2,743,976	\$ 4,243,976

DISCRETELY PRESENTED COMPONENT UNIT

The Southern York County School District Foundation is presented as a discretely presented component unit on the entity-wide financial statements. The purpose of the Southern York County School District Foundation is to provide a means for individuals to make tax-deductible contributions for supplies, equipment, and scholarships for the benefit of the students of the School District. Sources of revenue include business partners, Foundation Directors, general solicitation, School District employees, alumni, designated gifts, memorials, and class projects. As of June 30, 2022, the Foundation had total net position of \$ 1,126,832 most of which is restricted for future scholarships and other projects.

OTHER GOVERNMENTAL FUND (PREVIOUSLY FIDUCIARY FUNDS)

Prior to the 2020-2021 fiscal year and the implementation of GASB 84, the Fiduciary Funds of the School District were presented separately in the Statement of Fiduciary Net Position. Due to the implementation of GASB 84, the School District is now presenting these funds on the Government-wide Balance Sheet and Government-wide Statement of Revenues, Expenditures, and Changes in Fund Balances. However, these funds continue to be for the benefit of students and are not used in the Operation of the School District, but the Board of Education acts as the agent of these funds for the benefit of students. Included in these "Other Governmental Funds" are the student activity funds.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the School District's Business Manager, Southern York County School District, P.O. Box 128, Glen Rock, PA 17327.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business - Type Activities	Total	Component Unit Foundation
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 65,814,350	\$ 497,691	\$ 66,312,041	\$ 65,542
Investments	2,240,016	-	2,240,016	1,104,705
Receivables				
Taxes	1,847,808	-	1,847,808	-
Intergovernmental	2,074,904	1,928	2,076,832	-
Other	386,704	1,749	388,453	-
Lease	17,840	-	17,840	-
Prepaid items	55,502	-	55,502	-
Inventories	-	53,259	53,259	-
Total current assets	<u>72,437,124</u>	<u>554,627</u>	<u>72,991,751</u>	<u>1,170,247</u>
Noncurrent assets				
Prepaid bond insurance	100,656	-	100,656	-
Capital assets not being depreciated				
Land	2,754,758	-	2,754,758	-
Construction in progress	14,469,724	-	14,469,724	-
Capital assets net of accumulated depreciation / amortization				
Site improvements	3,462,757	-	3,462,757	-
Building and building improvements	24,071,002	-	24,071,002	-
Furniture and equipment	1,287,860	64,877	1,352,737	-
Right-to-use asset - equipment	49,692	-	49,692	-
Total capital assets	<u>46,095,793</u>	<u>64,877</u>	<u>46,160,670</u>	<u>-</u>
Total noncurrent assets	<u>46,196,449</u>	<u>64,877</u>	<u>46,261,326</u>	<u>-</u>
Total Assets	<u>118,633,573</u>	<u>619,504</u>	<u>119,253,077</u>	<u>1,170,247</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	12,375,490	22,578	12,398,068	-
Deferred outflows related to OPEB liability	1,196,165	1,608	1,197,773	-
Deferred charges on bond refunding	95,490	-	95,490	-
Total deferred outflows of resources	<u>13,667,145</u>	<u>24,186</u>	<u>13,691,331</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 132,300,718</u>	<u>\$ 643,690</u>	<u>\$ 132,944,408</u>	<u>\$ 1,170,247</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 3,100,719	\$ 54,142	\$ 3,154,861	\$ 43,415
Accrued salaries and benefits/withholdings	5,477,216	-	5,477,216	-
Unearned revenues	44,747	-	44,747	-
Accrued interest	266,928	-	266,928	-
Portion due or payable within one year				
General obligation bonds payable	1,362,093	-	1,362,093	-
Lease obligations	74,927	-	74,927	-
Compensated absences	114,065	-	114,065	-
Total current liabilities	<u>10,440,695</u>	<u>54,142</u>	<u>10,494,837</u>	<u>43,415</u>
Noncurrent liabilities				
Portion due or payable after one year				
General obligation bonds payable	67,575,742	-	67,575,742	-
Lease obligation	2,844	-	2,844	-
Compensated absences	1,026,582	-	1,026,582	-
Net pension liability	69,557,565	74,649	69,632,214	-
OPEB liability	7,113,984	6,305	7,120,289	-
Total noncurrent liabilities	<u>145,276,717</u>	<u>80,954</u>	<u>145,357,671</u>	<u>-</u>
Total Liabilities	<u>155,717,412</u>	<u>135,096</u>	<u>155,852,508</u>	<u>43,415</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	17,939	-	17,939	-
Deferred inflows related to pension liability	12,320,125	50,445	12,370,570	-
Deferred inflows related to OPEB liability	1,837,221	15,807	1,853,028	-
Total deferred inflows of resources	<u>14,175,285</u>	<u>66,252</u>	<u>14,241,537</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	17,111,282	64,877	17,176,159	-
Restricted - expendable	888,954	58,283	947,237	96,499
Restricted - nonexpendable	-	-	-	1,022,711
Unrestricted	(55,592,215)	319,182	(55,273,033)	7,622
Total Net Position (Deficit)	<u>(37,591,979)</u>	<u>442,342</u>	<u>(37,149,637)</u>	<u>1,126,832</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 132,300,718</u>	<u>\$ 643,690</u>	<u>\$ 132,944,408</u>	<u>\$ 1,170,247</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Unit Foundation
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Totals	
GOVERNMENTAL ACTIVITIES								
Instruction								
Regular programs	\$ 23,135,857	\$ 52,113	\$ 3,895,180	\$ -	\$ (19,188,564)	\$ -	\$ (19,188,564)	
Special programs	7,314,436	16,077	3,629,046	-	(3,669,313)	-	(3,669,313)	
Vocational educational programs	934,053	-	-	-	(934,053)	-	(934,053)	
Other instructional programs	84,852	-	37,763	-	(47,089)	-	(47,089)	
Support services								
Pupil personnel	1,947,454	42,646	352,949	-	(1,551,859)	-	(1,551,859)	
Instructional staff	1,851,535	-	403,041	-	(1,448,494)	-	(1,448,494)	
Administration	3,868,478	-	448,105	-	(3,420,373)	-	(3,420,373)	
Pupil health	828,688	-	158,818	-	(669,870)	-	(669,870)	
Business	1,198,519	-	128,356	-	(1,070,163)	-	(1,070,163)	
Operation and maintenance of plant services	5,750,484	56,396	350,192	80,035	(5,263,861)	-	(5,263,861)	
Student transportation services	2,416,056	-	1,074,934	-	(1,341,122)	-	(1,341,122)	
Central	1,698,183	28,309	146,940	347,376	(1,175,558)	-	(1,175,558)	
Operation of non-instructional services								
Student activities	1,177,769	156,992	107,449	-	(913,328)	-	(913,328)	
Community services	3,450	-	7,899	-	4,449	-	4,449	
Interest and fiscal charges	770,085	-	-	246,180	(523,905)	-	(523,905)	
Total Governmental Activities	<u>52,979,899</u>	<u>352,533</u>	<u>10,740,672</u>	<u>673,591</u>	<u>(41,213,103)</u>	<u>-</u>	<u>(41,213,103)</u>	
BUSINESS-TYPE ACTIVITIES								
Food service	1,536,489	178,175	1,850,766	-	-	492,452	492,452	
Total Primary Government	<u>\$ 54,516,388</u>	<u>\$ 530,708</u>	<u>\$ 12,591,438</u>	<u>\$ 673,591</u>	<u>(41,213,103)</u>	<u>492,452</u>	<u>(40,720,651)</u>	
COMPONENT UNIT - FOUNDATION								
	<u>\$ 291,071</u>	<u>\$ -</u>	<u>\$ 98,380</u>	<u>\$ 26,515</u>				<u>\$ (166,176)</u>
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes, public utility realty tax, and earned income tax					39,143,796	-	39,143,796	-
Grants and entitlements not restricted to specific programs					9,351,677	-	9,351,677	6,854
Investment earnings					98,447	231	98,678	-
Miscellaneous					22,220	58	22,278	-
Total General Revenues and Transfers					<u>48,616,140</u>	<u>289</u>	<u>48,616,429</u>	<u>6,854</u>
CONTRIBUTIONS TO PERMANENT ENDOWMENT FUNDS								
					-	-	-	159,743
Change in Net Position					7,403,037	492,741	7,895,778	421
Net Position - Beginning, as restated					<u>(44,995,016)</u>	<u>(50,399)</u>	<u>(45,045,415)</u>	<u>1,126,411</u>
Net Position - Ending					<u>\$ (37,591,979)</u>	<u>\$ 442,342</u>	<u>\$ (37,149,637)</u>	<u>\$ 1,126,832</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Capital Reserve Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 23,243,737	\$ 9,964	\$ 42,442,189	\$ 9,393	\$ 100,647	\$ 65,805,930
Investments	2,240,016	-	-	-	-	2,240,016
Taxes receivable (net)	1,847,808	-	-	-	-	1,847,808
Interfund receivables	60,144	858,293	-	4,072,972	-	4,991,409
Intergovernmental receivables	2,074,904	-	-	-	-	2,074,904
Other receivables	385,706	-	-	-	998	386,704
Lease receivable	17,840	-	-	-	-	17,840
Prepaid expenditures	55,502	-	-	-	-	55,502
Total Assets	\$ 29,925,657	\$ 868,257	\$ 42,442,189	\$ 4,082,365	\$ 101,645	\$ 77,420,113
LIABILITIES						
Accounts payable	\$ 500,898	\$ 14,995	\$ 2,431,445	\$ -	\$ 12,701	\$ 2,960,039
Interfund payables	5,410,882	-	60,144	-	-	5,471,026
Accrued salaries and benefits/withholdings	5,477,216	-	-	-	-	5,477,216
Unearned revenues	44,747	-	-	-	-	44,747
Total Liabilities	11,433,743	14,995	2,491,589	-	12,701	13,953,028
DEFERRED INFLOWS OF RESOURCES						
Leases	17,939	-	-	-	-	17,939
Unavailable revenue	1,180,075	-	-	-	-	1,180,075
Total Deferred Inflows of Resources	1,198,014	-	-	-	-	1,198,014
FUND BALANCES						
Nonspendable						
Prepaid expenditures	55,502	-	-	-	-	55,502
Restricted						
Future capital expenditures	-	853,262	39,950,600	-	-	40,803,862
Community needs	2,946	-	-	-	-	2,946
Agreements	32,746	-	-	-	-	32,746
Committed						
Debt service expenditures	-	-	-	4,082,365	-	4,082,365
Student activities	-	-	-	-	88,944	88,944
Assigned						
Future capital expenditures	12,459,013	-	-	-	-	12,459,013
Purchase requests in 2021 - 2022	98,580	-	-	-	-	98,580
Budgeted deficit for 2022 - 2023	1,500,000	-	-	-	-	1,500,000
Unassigned	3,145,113	-	-	-	-	3,145,113
Total Fund Balances	17,293,900	853,262	39,950,600	4,082,365	88,944	62,269,071
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,925,657	\$ 868,257	\$ 42,442,189	\$ 4,082,365	\$ 101,645	\$ 77,420,113

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

Total fund balances - governmental funds \$ 62,269,071

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 the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Cost of capital assets	120,496,862	
Accumulated depreciation/amortization	<u>(74,401,069)</u>	46,095,793

Certain receivables are not available to pay for current-period expenditures and therefore are deferred or are not recorded in the fund financial statements. 1,180,075

The internal service fund is considered a proprietary fund for fund accounting purposes. However, in the government-wide Statement of Net Position, internal service funds are included in the governmental activities. This fund's net position is added to the government activities. 347,357

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 consist of:

General obligation bonds and notes, net of bond discount and premium and insurance	(68,837,179)
Deferred charges on bond refunding	95,490
Accrued interest payable	(266,928)
Lease obligations	(77,771)
OPEB liability	(7,113,984)
Deferred outflows related to OPEB liability	1,196,165
Deferred inflows related to OPEB liability	(1,837,221)
Net pension liability	(69,557,565)
Deferred outflows related to pension liability	12,375,490
Deferred inflows related to pension liability	(12,320,125)
Compensated absences	<u>(1,140,647)</u>

Total net position - governmental activities \$ (37,591,979)

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2022

	General Fund	Capital Reserve Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Fund	Total Governmental Funds
REVENUES						
Local sources						
Taxes	\$ 38,890,832	\$ -	\$ -	\$ -	\$ -	\$ 38,890,832
Charges for services	143,004	-	-	-	90,608	233,612
Investment income	53,807	3,619	20,916	17,752	7	96,101
Other	153,609	-	-	-	16,202	169,811
Fundraiser income	-	-	-	-	7,899	7,899
Federal revenue from local sources	941,973	-	-	-	-	941,973
State sources	18,470,731	-	-	-	-	18,470,731
Federal sources	1,316,667	-	-	-	-	1,316,667
Total revenues	<u>59,970,623</u>	<u>3,619</u>	<u>20,916</u>	<u>17,752</u>	<u>114,716</u>	<u>60,127,626</u>
EXPENDITURES						
Instruction						
Regular programs	23,204,908	-	-	-	-	23,204,908
Special programs	7,925,834	-	-	-	-	7,925,834
Vocational educational programs	934,053	-	-	-	-	934,053
Other instructional programs	90,913	-	-	-	-	90,913
Support services						
Pupil personnel	2,078,876	-	-	-	-	2,078,876
Instructional staff	2,051,500	-	-	-	-	2,051,500
Administration	3,638,602	-	856,090	-	-	4,494,692
Pupil health	903,453	-	-	-	-	903,453
Business	1,185,508	-	-	-	-	1,185,508
Operation and maintenance of plant services	4,641,523	-	-	-	-	4,641,523
Student transportation services Central	2,426,771	-	-	-	-	2,426,771
Other support services	1,479,876	-	-	-	-	1,479,876
Other support services	5,418	-	-	-	-	5,418
Operation of noninstructional services						
Student activities	1,071,614	-	-	-	124,035	1,195,649
Community services	13,414	-	-	-	-	13,414
Facilities acquisition, construction and improvement services	-	77,633	12,856,295	-	-	12,933,928
Debt service	197,843	-	-	2,362,455	-	2,560,298
Refund of prior year revenues	21,582	-	-	-	-	21,582
Total expenditures	<u>51,871,688</u>	<u>77,633</u>	<u>13,712,385</u>	<u>2,362,455</u>	<u>124,035</u>	<u>68,148,196</u>
Excess (deficiency) of revenues over expenditures	<u>8,098,935</u>	<u>(74,014)</u>	<u>(13,691,469)</u>	<u>(2,344,703)</u>	<u>(9,319)</u>	<u>(8,020,570)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	48,045,000	-	-	48,045,000
Bond premium	-	-	1,953,638	-	-	1,953,638
Transfers in (out)	(5,164,061)	244,000	-	4,820,061	-	(100,000)
Total other financing sources (uses)	<u>(5,164,061)</u>	<u>244,000</u>	<u>49,998,638</u>	<u>4,820,061</u>	<u>-</u>	<u>49,898,638</u>
Net change in fund balances	2,934,874	169,986	36,307,169	2,475,358	(9,319)	41,878,068
Fund balances - beginning	14,359,026	683,276	3,643,431	1,607,007	98,263	20,391,003
Fund balances - ending	<u>\$ 17,293,900</u>	<u>\$ 853,262</u>	<u>\$ 39,950,600</u>	<u>\$ 4,082,365</u>	<u>\$ 88,944</u>	<u>\$ 62,269,071</u>

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

Net change in fund balances - total governmental funds \$ 41,878,068

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/amortization expense for the period. This is the amount by which capital outlays net of retirements (\$ 13,118,992) differed from depreciation/amortization expense, net of retirements (\$ 3,259,706) in the current period. 9,859,286

Governmental funds report bond discounts as expenditures and bond premiums as revenues. However, in the Statement of Activities the cost of those items and deferred charge on bond refunding are amortized over the life of the related bond. 25,446

Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds. 252,964

Repayment of bond/notes and financed purchases principal is reported as expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net 1,938,516

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. (96,676)

Some expenses in the Statement of Activities, such as compensated absences, net pension liability and OPEB liability, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds until paid. This is the difference between the amount incurred and amount paid. 3,631,358

The issuance of general obligation bonds provides current financial resources to governmental funds, but has no effect on net position. Governmental funds report prepaid bond insurance, bond discounts, and other similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

	GO Bond, Series of 2021	
Issuance of general obligation bonds	\$ (9,275,000)	
Bond premium	<u>(723,067)</u>	(9,998,067)

	GO Bond, Series of 2022	
Issuance of general obligation bonds	\$ (38,770,000)	
Bond premium	(1,230,571)	
Prepaid bond insurance	<u>100,802</u>	(39,899,769)

The change in net position of the internal service fund is added to governmental activities in the Statement of Activities. (188,089)

Change in net position of governmental activities \$ 7,403,037

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2022

	Food Service Fund	Internal Service Fund - Retirement
ASSETS		
Current assets		
Cash and cash equivalents	\$ 497,691	\$ 8,420
Accounts receivable	1,749	-
Interfund receivables	-	479,617
Intergovernmental receivables	1,928	-
Inventories	53,259	-
Total current assets	<u>554,627</u>	<u>488,037</u>
Noncurrent Assets		
Furniture and equipment, net	64,877	-
Total assets	<u>619,504</u>	<u>488,037</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension liability	22,578	-
Deferred outflows related to OPEB liability	1,608	-
Total deferred outflows of resources	<u>24,186</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 643,690</u>	<u>\$ 488,037</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	54,142	140,680
Total current liabilities	<u>54,142</u>	<u>140,680</u>
Noncurrent liabilities		
Net pension liability	74,649	-
OPEB liability	6,305	-
Total noncurrent liabilities	<u>80,954</u>	<u>-</u>
Total liabilities	<u>135,096</u>	<u>140,680</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension liability	50,445	-
Deffered inflows related to OPEB liability	15,807	-
Total deferred inflows of resources	<u>66,252</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	64,877	-
Restricted	58,283	-
Unrestricted	319,182	347,357
Total net position	<u>442,342</u>	<u>347,357</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 643,690</u>	<u>\$ 488,037</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2022

	Food Service Fund	Internal Service Fund - Retirement
OPERATING REVENUES		
Food service revenue	\$ 168,168	\$ -
Other operating revenues	<u>16,980</u>	<u>-</u>
Total operating revenues	<u>185,148</u>	<u>-</u>
OPERATING EXPENSES		
Food and milk purchases	644,121	-
Salaries and wages	31,158	-
Employee benefits/pension adjustment	(17,931)	290,435
Purchased property services	4,020	-
Supplies and small equipment	9,975	-
Repairs and maintenance	43,399	-
Depreciation	15,755	-
Management administrative services	<u>805,992</u>	<u>-</u>
Total operating expenses	<u>1,536,489</u>	<u>290,435</u>
Operating loss	<u>(1,351,341)</u>	<u>(290,435)</u>
NON-OPERATING REVENUES		
Federal subsidies	1,776,406	-
State subsidies	67,445	-
Earnings on investments	<u>231</u>	<u>2,346</u>
Total non-operating revenue	<u>1,844,082</u>	<u>2,346</u>
Income (loss) before transfers	<u>492,741</u>	<u>(288,089)</u>
Interfund transfers	<u>-</u>	<u>100,000</u>
Change in net position	<u>492,741</u>	<u>(188,089)</u>
Total net position (deficit)- beginning	<u>(50,399)</u>	<u>535,446</u>
Total net position - ending	<u>\$ 442,342</u>	<u>\$ 347,357</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

	Food Service Fund	Internal Service Fund - Retirement
Cash flows from operating activities		
Cash received from customers/other funds	\$ 184,017	\$ -
Cash paid to suppliers and service providers	(1,411,671)	-
Cash paid to and on behalf of employees	(78,128)	(259,249)
Net cash used by operating activities	<u>(1,305,782)</u>	<u>(259,249)</u>
Cash flows from capital financing activities		
Purchases of equipment	(6,850)	-
Net cash used by capital financing activities	<u>(6,850)</u>	<u>-</u>
Cash flows from noncapital financing activities		
Federal subsidies	1,665,632	-
State subsidies	68,236	-
Interfund transfers	-	256,911
Net cash provided by noncapital financing activities	<u>1,733,868</u>	<u>256,911</u>
Cash flows from investing activities		
Earnings on investments	231	2,346
Net cash provided by investing activities	<u>231</u>	<u>2,346</u>
Net increase (decrease) in cash	<u>421,467</u>	<u>8</u>
Cash and cash equivalents - beginning	<u>76,224</u>	<u>8,412</u>
Cash and cash equivalents - ending	<u>\$ 497,691</u>	<u>\$ 8,420</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities		
Cash flows from operating activities		
Operating loss	\$ (1,351,341)	\$ (290,435)
Adjustments to reconcile operating loss to net cash provided (used) in operating activities:		
Donated inventory used	130,214	-
Depreciation	15,755	-
(Increase) decrease in:		
Other receivables	(1,131)	-
Inventories	(6,727)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(27,651)	31,186
Compensated absences	(5,018)	-
Unearned revenues	-	-
Interfund payables	(21,631)	-
Net pension liability	(1,101)	-
Deferred outflows related to pension liability	(10,651)	-
Deferred inflows related to pension liability	(24,395)	-
OPEB liability	(2,387)	-
Deferred outflows related to OPEB liability	(736)	-
Deferred inflows related to OPEB liability	1,018	-
Total adjustments	<u>45,559</u>	<u>31,186</u>
Net cash provided (used) by operating activities	<u>\$ (1,305,782)</u>	<u>\$ (259,249)</u>
Supplemental schedule of noncash capital and related financing activities		
Disposal of asset - cost	\$ (8,704)	\$ -
Disposal of asset - accumulated depreciation	8,704	-
Net noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Southern York County School District (“School District”) operates a public school system, which is comprised of the Boroughs of Glen Rock, New Freedom, Railroad, and Shrewsbury, and the Townships of Codorus and Shrewsbury in Southern York County, Pennsylvania.

The School District consists of Susquehannock High School, Southern Middle School, and the Southern, Friendship, and Shrewsbury Elementary Schools, as well as the School District Administration Office.

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 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. Based on the above criteria, the School District has no component units other than the Southern York County School District Foundation.

The Southern York County School District Foundation is presented as a discretely presented component unit.

Southern York County School District Foundation

The Southern York County School District Foundation (“Foundation”), is an affiliate Chapter of Scholarship America, Inc. The purpose of the Chapter is to expand access to higher education for resident students of the School District. The Foundation is included in these financials as a component unit because the School District appoints a voting majority of the Foundation’s board members and has the ability to impose its will on the Foundation by significantly influencing the projects and activities of the Foundation. This is demonstrated by the School District's ability to appoint, hire, reassign, or dismiss the individuals responsible for the day-to-day operations of the Foundation.

Separate financial statements of the Foundation are available by contacting the Foundation at P.O. Box 128, Glen Rock, PA 17327.

The Foundation has established a permanent endowment named the Southern York County School District Endowment Fund with the York County Community Foundation. This fund is included in the Foundation’s balances. The York County Community Foundation is a nonprofit corporation established for the principal purpose of receiving and administering funds as endowments for various charitable and educational purposes.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures

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

York County School of Technology. The School District is one of fourteen member school districts participating in the operation of the York County School of Technology. The School is operated, administered, and managed by a joint operating committee consisting of board members from the fourteen member school districts. These members are elected by their individual school district board of directors. The School District's share of annual operating and capital costs for York County School of Technology are reflected as intergovernmental expenditures of the General Fund. During the year ended June 30, 2022, the School District paid \$ 876,930 to York County School of Technology for operating expenditures. In addition, the School District paid \$ 221,393 to the York County School of Technology Authority for debt service payments.

York/LIU Joint Authority. This is a separate legal entity organized by thirteen local school districts to provide services in York County at the York Learning Center ("Center"). Each of the member school districts appoints one member to serve on the joint operating committee, and each has an ongoing financial responsibility to fund the Center's operations. During the year ended June 30, 2022, the School District paid \$ 67,250 to the Authority for these services.

Lincoln Intermediate Unit #12. This is a separate legal entity organized by constituent school districts in York, Adams, and Franklin counties to provide services to the school districts. Each member school district is represented by one member that serves on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training. During the year ended June 30, 2022, the School District paid \$ 973,048 to the Lincoln Intermediate Unit.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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 non-instructional services are accounted for in this fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

b. Capital Projects Fund

The Capital Projects Fund is utilized to account for the proceeds and expenditures relating to bond issues and construction projects.

c. Capital Reserve Fund

The Capital Reserve Fund is utilized to account for excess General Fund resources designated by board action for future capital improvement projects.

d. Debt Service Fund

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

e. Other Governmental Fund

The Other Governmental Fund is the Student Activity Fund, which is reflected as a non-major fund reported as a special revenue fund. The Student Activity Fund is used for the raising and expending of activity money by student bodies to promote the general welfare, education, and morale of all the students by financing extracurricular activities of student body organizations.

2. Proprietary Funds

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 funds are utilized:

a. Food Service Fund (Enterprise 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.

b. Retirement Fund (Internal Service Fund)

This fund is used to account for the funding of the retirement stipends to be paid to employees upon retirement. It is the intention of the School District to use this fund to level out the general fund's cost of retirement stipends over a period of years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In addition, a separate column is used to present the financial information for the discretely presented component unit, the Southern York County School District Foundation.

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

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

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

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The government-wide and proprietary 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 and 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/amortization is charged as expense against current operations and accumulated depreciation/amortization is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other related grants designated for payment of specific School District expenditures is recognized when the related expenditures are incurred and the revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as accounts payable 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 food services, including charges for meals and costs of food, salaries and benefits, depreciation, and other expenses. Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs. The internal service fund is supported by transfers from the general fund, while operating expenses consist of retirement stipend payments to retirees.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

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

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 and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The School District has limited authority as to the types of allowable investments. Cash consists of cash on hand and checking, savings, and money market account balances.

Cash and cash equivalents are defined as short-term, highly liquid investments (certificates of deposit) that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

Investments

The School District invests funds with two external investment pools, the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF). PSDLAF and PLGIT operate and are authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds are valued at amortized cost which approximates market value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Deposit Insurance Corporation, or which are collateralized as provided by law of Act 72 of 1971.

Prepaid Items

In both government-wide and fund financial statements, prepaid items are recorded as assets in the specific fund in which future benefits will be derived.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

The Food Service Fund food inventory consists of expendable supplies held for consumption and federal government donated commodities that are valued at estimated fair market value. The expendable supplies are recorded as an expenditure when used. The cost of governmental fund inventories are recorded as expenditures when purchased rather than when consumed. The value of governmental fund inventories is not significant at June 30, 2022.

Internal Balances/Activity

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

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

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 fund financial statements.

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 their acquisition value as of the date received. The School District maintains a capitalization threshold of \$ 5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized.

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

	Governmental Activities Estimated Lives	Business- Type Activities Estimated Lives
Site improvements	20 years	N/A
Buildings and building improvements	20 - 30 years	N/A
Furniture and equipment	3 - 10 years	3 - 10 years
Vehicles	10 years	N/A
Right-to-use asset – leased equipment	1 – 2 years	N/A

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. Prepaid bond insurance is 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 amount of debt issued, bond premiums, and bond discounts are reported as other financing sources. Issuance costs (including original issue discounts), whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Leases

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

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

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

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 various amounts related to pension liabilities and OPEB liabilities.

In addition to liabilities, the statement of financial position and 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 assets 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 consist of various items related to the pension liability and OPEB liability (on the statement of net position), unavailable revenue (on the balance sheet – governmental funds) and future revenues related to leases (on the statement of net position and the balance sheet for governmental funds).

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 GASB Statements, which establish standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans (Continued)

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

Compensated Absences

Liabilities for compensated absences are accounted for in accordance with the provisions of GASB standards. These statements require 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 liabilities for compensated absences has been calculated using the vesting method in accordance with the provisions of the GASB. Under that method, the School District has identified the amount 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.

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

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

Other Postemployment Benefits Other Than Pensions

School District Plan

The School District is required by law to provide 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 by the retirees with the exception of certain administrators.

Consequently, the School District is providing an implicit rate subsidy to its retirees. Teachers, other professional employees, and support staff that are full-time at the time of retirement are eligible to receive an additional payment in the amount of \$ 5,000 to be used for the cost of these benefits once they have reached 25 years of service with the School District. Depending on their years of service to the School District, Administrators may be eligible to receive additional health insurance benefits.

PSERS Plan

The School District is also required by law to participate in a governmental cost sharing multiple-employer OPEB plan with PSERS for all eligible employees who qualify and elect to participate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits Other Than Pensions (Continued)

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

Net Position – Government-wide Financial Statements/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/amortization and reduced by the 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: This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

As of June 30, 2022, restricted net position of the primary government consisted of \$ 888,954 for future capital improvements, community needs and agreements, restricted net position of the business-type activities consisted of \$ 58,283 for the supply chain assistance funding and restricted net position of the component unit consisted of \$ 1,119,210 for future scholarships.

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

Net Position Flow Assumption

Sometimes the School District will fund outlays for a particular purpose from both restricted 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 consider restricted-net position to have been depleted before unrestricted-net position is applied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Fund Financial Statements

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long-term amount of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

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, charge 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 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 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.

Minimum Fund Balance Policy

The School District will strive to maintain an unassigned general fund balance of not less than 5% and not more than 8% of the budgeted expenditures for that year. If the unassigned portion of fund balance falls below the threshold of 5%, the Board will pursue variations of increasing revenues and decreasing expenditures, or a combination of both until 5% is attained. If the assigned and unassigned portions of fund balance exceed 8% of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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: committed, assigned, and unassigned. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, the committed fund balance will not be reduced by more than the amount designated in the plan.

NOTE 2 CASH AND INVESTMENTS

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a written policy for custodial credit risk. As of June 30, 2022, \$ 18,324,145 of the School District's bank balance of \$ 19,314,161 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging banks trust department	<u>\$ 18,324,145</u>
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SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits (Continued)

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.

Credit Risk – Investments

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

Investment	Fair Value	Credit Quality Rating
PA School District Liquid Asset Fund - PSDMAX	\$ 1,393,775	AAAm
PA School District Liquid Asset Fund - Full Flex Investment Pool	3,856,824	AAAm
PA School District Liquid Asset Fund - Collateralized CD Pools	1,500,000	AAAm
PLGIT - CD's	740,000	AAAm
PLGIT/PLGIT Class	38,558	AAAm
PLGIT/PLGIT Reserve-Class	339,350	AAAm
	<u>\$ 7,868,507</u>	

Included in cash and cash equivalents are pooled investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF-MAX) of \$ 1,393,775. 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. The School District also invested \$ 3,856,824 in PSDLAF's full flex investment pool which has a maturity of less than 3 months and is classified as cash and cash equivalents in the financial statements and as investments for purposes of this disclosure.

Included in cash and cash equivalents are investments in Pennsylvania Local Government Investment Trust (PLGIT). PLGIT operates like a money market and seeks to maintain a stable net asset value of \$ 1 per share. At June 30, 2022, the School District held \$ 38,558 in the PLGIT-Class portfolio, and \$ 339,350 in the PLGIT Reserve-Class portfolio. 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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Investments (Continued)

Included in investments on the statement of net position are certificates of deposit (CDs) invested by PSDLAF and PLGIT. Through PSDLAF, the School District has invested \$ 1,500,000 in a collateralized CD pool. Through PLGIT, the School District has invested \$ 740,000 in CDs at financial institutions. Both CD investments have maturities greater than three months and are classified as investments in the financial statements and as deposits above for purposes of this disclosure.

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings.

Policies Followed at PSDLAF and PLGIT

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

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

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 PROPERTY TAXES

Property taxes are levied on July 1. Taxes are collected at a discount until August 31, at their face amount from September 1 until October 31, and include a penalty thereafter. The taxes are billed by Southern York County School District and are collected by the appointed or elected tax collectors. Delinquent real estate taxes are sent to York County Tax Claim Bureau for collection on January 15.

NOTE 4 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS

The School District collects property taxes, earned income taxes, other taxes, and fees primarily from taxpayers located in the following municipalities within York County, Pennsylvania: Boroughs of Glen Rock, New Freedom, Railroad, and Shrewsbury, and the Townships of Codorus and Shrewsbury.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 4 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS
(CONTINUED)

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

Real estate taxes	\$ 626,345
Earned income taxes	1,126,940
Real estate transfer taxes	<u>94,523</u>
	1,847,808
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(667,733)</u>
Taxes estimated to be collected after sixty days, recorded as unavailable tax revenue in governmental funds	<u>\$ 1,180,075</u>

Tax Abatement

Pennsylvania Clean and Green Program

Clean and Green is a preferential tax assessment program enacted by the Pennsylvania General Assembly 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 10 acres in size if the property is capable of generating at least \$ 2,000 annually in farm income. A landowner who breaches the covenant is subject to seven years of rollback taxes at 6% interest per year. The rollback tax is the difference between what was paid under Clean and Green versus what would have been paid, if the property had not been enrolled, plus 6% simple interest per year.

For the fiscal year ended June 30, 2022, total School District property taxes of \$ 2,618,283 were abated under this program.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 INTERNAL BALANCES

Due from/to other funds consist of the following as of June 30, 2022:

Funds	Due From Other Funds	Due To Other Funds
Governmental Funds		
General	\$ 60,144	\$ 5,410,882
Capital Reserve	858,293	-
Capital Projects	-	60,144
Debt Service	4,072,972	-
Proprietary Funds		
Internal Service - Retirement Fund	<u>479,617</u>	<u>-</u>
	<u>\$ 5,471,026</u>	<u>\$ 5,471,026</u>

In the general fund, amounts are owed to (1) the capital reserve fund for future capital projects, (2) to the debt service fund for the School District's rate stabilization plan on setting money aside in the debt service fund for future debt service payments, (3) to the retirement fund for cash and investments held on that fund's behalf. Also, in the general fund, an amount is due from the capital projects fund for expenses paid out of the fund but not repaid before year-end.

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

Funds	Transfers in	Transfers out
Governmental Funds		
General	\$ -	\$ 5,164,061
Capital Reserve	244,000	-
Debt Service	4,820,061	-
Proprietary Funds		
Internal Service - Retirement Fund	<u>100,000</u>	<u>-</u>
	<u>\$ 5,164,061</u>	<u>\$ 5,164,061</u>

The School District typically transfers funds to the debt service fund to make principal and interest payments on bonds. Transfers are made to the capital reserve fund based on approved projects funded through surplus. Transfers to the retirement fund are budgeted based upon prior actual benefits paid.

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of the following as of June 30, 2022:

Funds	General Fund/ Governmental Activities	Food Service Fund
Federal subsidies	\$ 184,354	\$ 1,866
State subsidies	<u>1,890,550</u>	<u>62</u>
	<u>\$ 2,074,904</u>	<u>\$ 1,928</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 LEASE RECEIVABLE / DEFERRED INFLOWS

The School District entered into a five (5) year lease for the use of farmland. The leases require semiannual payments of \$ 18,000. The School District is using its incremental borrowing rate of 1.80% in the lease receivable calculations. The ending lease receivable of \$ 17,840 and associated deferred inflow of \$ 17,939 is shown on the government wide statement of net position and governmental fund balance sheet. For the year ended June 30, 2022, the School District recognized lease revenue of \$ 35,581 and interest revenue of \$ 320 associated with the lease.

NOTE 8 CAPITAL ASSETS

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

	Restated Balances June 30, 2021	Additions	Retirements	Balances June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,754,758	\$ -	\$ -	\$ 2,754,758
Construction in progress	2,421,358	12,067,946	(19,580)	14,469,724
Capital assets				
Site improvements	7,769,214	829,898	-	8,599,112
Buildings and building improvements	88,033,380	8,865	-	88,042,245
Furniture and equipment	6,505,036	231,863	(259,841)	6,477,058
Right-to-use asset - lease equipment	153,965	-	-	153,965
	<u>107,637,711</u>	<u>13,138,572</u>	<u>(279,421)</u>	<u>120,496,862</u>
Accumulated depreciation/amortization	<u>(71,401,204)</u>	<u>(3,259,706)</u>	<u>259,841</u>	<u>(74,401,069)</u>
	<u>\$ 36,236,507</u>	<u>\$ 9,878,866</u>	<u>\$ (19,580)</u>	<u>\$ 46,095,793</u>
Business-Type Activities				
Machinery and equipment	\$ 896,577	\$ 6,850	\$ (8,704)	\$ 894,723
Accumulated depreciation	<u>(822,795)</u>	<u>(15,755)</u>	<u>8,704</u>	<u>(829,846)</u>
	<u>\$ 73,782</u>	<u>\$ (8,905)</u>	<u>\$ -</u>	<u>\$ 64,877</u>

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

Regular programs	\$ 1,430,605
Administration	41,355
Operation and maintenance of plant services	1,373,403
Central support	373,589
Student activities	<u>40,754</u>
	<u>\$ 3,259,706</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 ACCRUED SALARIES AND BENEFITS

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

	General Fund
Accrued salaries	\$ 1,997,622
Social security	156,193
Retirement	690,028
	<u>\$ 2,843,843</u>

NOTE 10 LONG-TERM LIABILITIES

Summary of Changes in Long-Term Debt

Changes in long-term debt consist of the following for the year ended June 30, 2022:

	Restated Balances June 30, 2021	Additions	Reductions	Balances June 30, 2022	Current	Long-Term
Bonds						
General Obligation Bonds	\$ 10,300,000	\$ 48,045,000	\$ (980,000)	\$ 57,365,000	\$ 35,000	\$ 57,330,000
Direct Borrowing						
General Obligation Notes	9,880,000	-	(839,000)	9,041,000	1,233,000	7,808,000
Financed purchase	43,322	-	(43,322)	-	-	-
Other liabilities						
Lease obligations	153,965	-	(76,194)	77,771	74,927	2,844
Compensated absences	1,237,878	193,204	(290,435)	1,140,647	114,065	1,026,582
	<u>\$ 21,615,165</u>	<u>\$ 48,238,204</u>	<u>\$ (2,228,951)</u>	<u>\$ 67,624,418</u>	<u>\$ 1,456,992</u>	<u>\$ 66,167,426</u>

GENERAL OBLIGATION BONDS AND NOTES

General Obligation Bonds and notes are issued on a pledge of the general taxing power of the School District and consist of the following:

General Obligation Bond Series of 2019; dated June 18, 2019; due in annual installments through September 1, 2047; bearing interest rates of 2.000% to 2.820%	\$ 9,320,000
General Obligation Note Series of 2020; dated December 2, 2020; due in annual installments through March 1, 2029; bearing an interest rate of 1.200%	9,041,000
General Obligation Bond Series of 2021; dated December 30, 2021; due in annual installments through March 1, 2048; bearing an interest rate of 3.000% - 4.000%	9,275,000
General Obligation Bond Series of 2022; dated June 23, 2022; due in annual installments through March 1, 2051; bearing an interest rate of 4.125% - 5.000%	<u>38,770,000</u>
	66,406,000
Bond premium (discount), net	<u>2,531,835</u>
	<u>\$ 68,937,835</u>
Due within one year	\$ 1,362,093
Due in more than one year	<u>67,575,742</u>
	<u>\$ 68,937,835</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 LONG-TERM LIABILITIES (CONTINUED)

Summary of Changes in Long-Term Debt (Continued)

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 payment to the bond holders.

Lease Obligation

The School District entered into two lease agreements with remaining years ranging from one to two years as lessee for the acquisition and use of copiers and Chromebooks. The leases require monthly and yearly principal and interest payments ranging from \$2,848 to \$42,902 based on interest rates ranging from 1.80% to 4.29%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

Maturities

The principal and interest maturities of the General Obligation Bonds and Notes for each of the next five years and five-year increments thereafter consist of the following as of June 30, 2022:

	General Obligation Bonds			Direct Borrowings			Lease Obligations		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 35,000	\$ 1,877,690	\$ 1,912,690	\$ 1,233,000	\$ 101,094	\$ 1,334,094	\$ 74,927	\$ 2,146	\$ 77,073
2024	415,000	2,420,225	2,835,225	1,254,000	86,172	1,340,172	2,844	4	2,848
2025	430,000	2,399,500	2,829,500	1,279,000	70,974	1,349,974	-	-	-
2026	445,000	2,377,975	2,822,975	1,303,000	55,482	1,358,482	-	-	-
2027	470,000	2,355,475	2,825,475	3,972,000	71,820	4,043,820	-	-	-
2028-2032	6,220,000	11,185,850	17,405,850	-	-	-	-	-	-
2033-2037	10,355,000	9,234,225	19,589,225	-	-	-	-	-	-
2038-2042	12,765,000	6,794,765	19,559,765	-	-	-	-	-	-
2043-2047	15,560,000	3,991,768	19,551,768	-	-	-	-	-	-
2048-2051	10,670,000	909,361	11,579,361	-	-	-	-	-	-
	<u>\$ 57,365,000</u>	<u>\$ 43,546,834</u>	<u>\$ 100,911,834</u>	<u>\$ 9,041,000</u>	<u>\$ 385,542</u>	<u>\$ 9,426,542</u>	<u>\$ 77,771</u>	<u>\$ 2,150</u>	<u>\$ 79,921</u>

Compensated Absences

Accumulated compensated absences represent the earned vacation pay as of June 30, 2022 for all employees. In addition, employees can earn a retirement stipend based on the number of years of service with the School District. Professional staff and support staff receive a payment upon retirement for the retirement stipend or the sick leave calculation, whichever is greater. Administrators will receive both the retirement stipend and the sick leave calculation. This liability is part of accumulated compensated absences and the payment is deposited into the employee’s 403b plan. To be eligible for payment, employees must meet the retirement provisions set by the Public School Employees' Retirement System.

NOTE 11 PENSION PLAN

General Information about the Pension Plan

Plan Description

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

NOTE 11 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

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 are 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 became 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 service or attain a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. A members' right to a defined benefit is vested in 10 years.

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

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions

Member Contributions

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

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

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% of covered payroll. This is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School District recognized as revenue by the pension plan were \$ 8,422,203 for the year ended June 30, 2022. In addition, the School District's contribution to the defined contribution plan was \$ 54,127 for the year ended June 30, 2022.

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2022, the School District recognized revenue of \$ 4,345,750 as reimbursement for its current year pension payments.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (CONTINUED)

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

At June 30, 2022, the School District reported a liability of \$ 69,632,214 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2020 to June 30, 2021.

The School District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District’s proportion was 0.1696 percent, which was a decrease of 0.0009 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$ 4,944,947.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 51,000	\$ 915,000
Changes in assumptions	3,377,000	-
Net difference between projected and actual investment earnings	-	11,084,000
Changes in proportionate share	478,000	325,000
Change in proportion - fund	46,570	46,570
Difference between employer contributions and proportionate share of total contributions	22,914	-
Contributions subsequent to the measurement date	<u>8,422,584</u>	<u>-</u>
	<u>\$ 12,398,068</u>	<u>\$ 12,370,570</u>

The \$ 8,422,584 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (2,143,648)
2024	(1,216,184)
2025	(1,453,254)
2026	<u>(3,582,000)</u>
Total	<u>\$ (8,395,086)</u>

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay
- The investment return 7.00%, includes inflation of 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projecting using a modified version of the MP-2020 Improvement Scale.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 201 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retire Tables for Males and Females, adjusted to reflect PSERS' experience and projecting using a modified version of the MP-2020 Improvement Scale.

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

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The PSERS's Board's adopted the asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021 as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	(13.0%)	0.1%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	<u>\$ 91,395,000</u>	<u>\$ 69,632,214</u>	<u>\$ 51,274,000</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2022, the School District had \$ 2,997,380 payable to the pension plan.

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

School District Plan

The School District has a healthcare plan for retired employees, which is a single employer defined benefit healthcare plan provided by the School District. The plan provides medical, prescription drug, dental and vision coverage for both retiree and family. The member is eligible until the employee reaches Medicare age. With the exception of qualifying administrators, to continue coverage upon retirement, the retiree must reimburse the School District 100% of the School District's premium for the coverage.

Retirees opting to participate are asked to pay a premium amount that is less than the School District's annual cost to provide health care coverage to retirees. 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 benefit.

In addition, all full-time employees may be eligible to receive a retirement benefit based on years of service. These benefits are detailed below.

Administrators

If the member retires through PSERS with 10 years of service as an administrator and 25 years of PSERS service, the School District will pay 4 months of single coverage premiums less \$ 100 and the active cost share per month for every year of administrator service up to 120 months. The member must pay for any additional premium due to coverage of spouse and other dependents. Otherwise, if the member does not qualify for the subsidy but is eligible for PSERS superannuation or has 30 years of PSERS service, member must pay the full premium if coverage is elected.

Teachers and Other Full-time Staff

If the member has reached 25 years of service with the School District, the member will receive an account with a payment of \$ 5,000 that may be used for the cost of benefits.

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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Description (Continued)

PSERS (Continued)

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

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

Plan Membership

School District Plan

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

Active participants	346
Vested former participants	22
Retired participants	<u>13</u>
Total	<u>381</u>

Contributions

PSERS – Post Employment Healthcare

The School District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability.

Contributions to the OPEB plan from the employer were \$ 198,625 for the year ended June 30, 2022.

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, 2021 based on an actuarial valuation as of July 1, 2020. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2022, the School District reported a total OPEB liability of \$ 3,102,998.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$ 183,642.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

PSERS

At June 30, 2022, the School District reported a liability of \$ 4,017,291 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

At June 30, 2022, the School District's proportion was 0.1696 percent, which was a decrease of 0.0009 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized OPEB expense of \$ 244,783.

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

	Total OPEB/ Net	
	OPEB Liability	OPEB Expense
School District Plan	\$ 3,102,998	\$ 183,642
PSERS	4,017,291	244,783
Total	<u>\$ 7,120,289</u>	<u>\$ 428,425</u>

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 2,959,669
Changes for the year	
Service cost	249,946
Interest	59,063
Changes in assumptions	(102,569)
Benefit payments	<u>(63,111)</u>
Net changes	<u>143,329</u>
Ending Balance	<u>\$ 3,102,998</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Total OPEB Liability (Continued)

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

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,563,402	\$ 37,000	\$ -	\$ 37,000	\$ 1,563,402
Changes in assumptions	383,971	167,714	428,000	54,000	811,971	221,714
Net difference between projected and actual investment earnings	-	-	8,000	-	8,000	-
Changes in proportions - plan	-	-	61,000	60,000	61,000	60,000
Changes in proportionate share - governmental activities/ business-type activities	-	-	2,482	2,482	2,482	2,482
Difference between employer contributions and proportionate share of total contributions	-	-	666	5,430	666	5,430
Benefit payments/contributions subsequent to the measurement date	79,288	-	197,366	-	276,654	-
	<u>\$ 463,259</u>	<u>\$ 1,731,116</u>	<u>\$ 734,514</u>	<u>\$ 121,912</u>	<u>\$ 1,197,773</u>	<u>\$ 1,853,028</u>

The amount of \$ 276,654 is reported as deferred outflows of resources related to OPEB resulting from benefit payments/contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2022 related to the School District and PSERS plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30	School District		
	Plan	PSERS	Total
2023	\$ (125,367)	\$ 69,783	\$ (55,584)
2024	(125,367)	68,783	(56,584)
2025	(125,367)	78,783	(46,584)
2026	(125,367)	80,666	(44,701)
2027	(125,367)	67,620	(57,747)
Thereafter	(720,310)	49,601	(670,709)
Total	<u>\$ (1,347,145)</u>	<u>\$ 415,236</u>	<u>\$ (931,909)</u>

Actuarial Methods and Assumptions

School District Plan

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

PSERS

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	2.28% (S&P 20 year municipal bond rate – July 1, 2021.)	2.18% (S&P 20 year municipal bond rate – June 30, 2021.)
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
Mortality	Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.	Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjust to reflect PSERS' experience and project using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	75% of employees are assumed to elect coverage. 100% of Support Staff and Teachers are assumed to receive a one-time payment into an account. 10% of vested former participants are assumed to begin coverage at the later of age 62 or the valuation date.	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 2021 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, \$ 5,734 for males and \$ 8,282 for females; 50-54, \$ 7,595 for males and \$ 9,360 for females; 55-59, \$ 9,250 for males and \$ 9,794 for females; 60-64, \$ 12,071 for males and \$11,251 for females.	N/A

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS

Investment Return

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

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	(0.3%)
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the OPEB liability was 2.28% and 2.18% for the School District’s Plan and PSERS, respectively. The School District Plan is not funded, therefore, a rate of 2.28% which is the S&P 20 year municipal bond rate as of July 1, 2021, is the applicable discount rate. Under the PSERS plan’s funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient or the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB’s plan fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.18% which represents the S&P 20 year municipal bond rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
School District Plan - Total OPEB liability	\$ 3,350,702	\$ 3,102,998	\$ 2,868,108

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
PSERS - School District's proportionate share of the net OPEB liability	\$ 4,612,000	\$ 4,017,291	\$ 3,530,000

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

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

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

School District Plan

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
School District Plan - Total OPEB Liability	\$ 2,704,451	\$ 3,102,998	\$ 3,586,086

PSERS

	1% Decrease (Between 4% to 6%)	Healthcare Cost Trend Rate (Between 5% to 7%)	1% Increase (Between 6% to 8%)
PSERS - School District's proportionate share of the net OPEB liability	\$ 4,018,000	\$ 4,017,291	\$ 4,019,000

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

Payables to the OPEB Plan

School District Plan

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

PSERS

As of June 30, 2022, the School District had \$ 70,037 payable to the pension plan related to OPEB.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in numerous state and federal programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

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 provisions or any contingent liabilities that may result have been made in the financial statements.

Tax Assessment Appeals

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 of other sources of revenue and would not create a financial hardship to the School District.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental Concerns

The School District has three underground storage tanks for its heating oil. If a leak or contamination occurred, the School District could become liable for the cost to clean up the spill. In order to mitigate this liability, the School District participates in the Commonwealth of Pennsylvania’s Underground Storage Tank Indemnification Fund.

Asbestos containing building materials (ACBM) have been identified in the School District and are being monitored. Since 2005, only non-friable ACBM remains in limited areas.

The School District is currently unaware of any actual or potential liability related to these environmental concerns; thus, no liability has been recorded in the financial statements.

Capital Commitments

The School District has the following capital commitments as of June 30, 2022:

	Total Estimated Costs	Total Costs Incurred	Total Costs To Be Incurred
Architect Fees (SHS Project)	\$ 3,007,206	\$ 2,572,430	\$ 434,776
Construction Manager Fees (SHS Project)	1,073,200	308,800	764,400
General Contractor (SHS Project)	33,163,998	7,185,924	25,978,074
Electrical Contractor (SHS Project)	8,791,000	563,082	8,227,918
HVAC Contractor (SHS Project)	14,349,000	852,603	13,496,397
Plumbing Contractor (SHS Project)	3,547,987	1,106,365	2,441,623
Abstestos (SHS Project)	396,882	6,830	390,052
Testing Services (SHS Project)	131,070	17,253	113,817
Chevrolet Express Cargo Van (General Fund)	33,775		33,775
Switchgear Project (Capital Reserve)	18,838	-	18,838
SAGE Sound System for SHS Main Gym (General Fund)	43,800	-	43,800
Fire Alarm Dialer Update (Capital Reserve)	26,947	-	26,947
Cafeteria Equipment Updates (Capital Reserve)	9,100	-	9,100
SES Ice Machine (Cafeteria)	4,050	-	4,050
Combination Oven at SES (Cafeteria - Grant)	18,436	-	18,436
	<u>\$ 64,615,289</u>	<u>\$ 12,613,287</u>	<u>\$ 52,002,002</u>

NOTE 14 RISK MANAGEMENT

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

The School District has purchased commercial insurance to cover general liability, directors’ and officers’ liability, unemployment compensation and employees’ vision coverage. For the 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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 RISK MANAGEMENT (CONTINUED)

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 seventeen participating school districts. Each participating employer contributes to the trust amounts determined by actuarial principles which will be adequate to cover annual claim costs, operating costs, and reserves sufficient to provide stated benefits. 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 \$ 100,000 and \$ 300,000 are paid from the Trust mini-pool. Claims incurred over \$ 300,000 are paid from a stop loss insurance policy purchased by the Trust.

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

Net position - July 1, 2021	\$ 5,162,187
Contributions and interest income	4,662,362
Minipool reimbursement	535,529
Claims paid	(5,233,448)
Stop-loss insurance	(169,634)
Minipool premium	(545,437)
Contracted consulting	(23,399)
Administrative fees	<u>(220,533)</u>
Net position - June 30, 2022	<u>\$ 4,167,627</u>

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 15 SOUTHERN YORK COUNTY SCHOOL DISTRICT FOUNDATION

The Foundation is included in these financial statements as a discretely presented component unit. The following details the significant footnotes of the Foundation.

Cash and Investments

The Foundation holds the following cash and investments at June 30, 2022:

	Fair Value
Money Market Funds	\$ 65,542
People's Bank - Equities	38,746
People's Bank - Fixed Income Mutual Funds	61,237
York Community Foundation	<u>1,004,722</u>
	<u>\$ 1,170,247</u>

Custodial Credit Risk - Investments

For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Foundation will not be able to recover its investments or collateral securities that are in the possession of an outside party. The Foundation's investments are held by a financial institution's trust department and are registered in the name of the financial institution, not the Foundation, and are therefore subject to custodial credit risk where applicable for the various investment types.

Credit Risk/Interest Rate Risk - Investments

The Foundation does not have a formal written investment policy that limits the credit quality rating for investments nor does the Foundation have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2022, the investments held by the Foundation's had the following fair value, credit quality rating and maturity:

Investment	Fair Value	Credit Quality Rating	Investment Maturities in Years		
			Less Than 1	1-5	More Than 5
People's Bank - Equities	\$ 38,746	Not Rated	\$ 38,746	\$ -	\$ -
Baird Ultra Short Bond Institutional	8,802	AA-	8,802	-	-
Federated Hermes Total Return Bond	21,529	A+	-	-	21,529
Fidelity Floating Rate High Income	2,697	A+	2,697	-	-
Metropolitan West Total Return Bond	21,963	A+	-	-	21,963
Nuveen Preferred Securities and Income Fund Class	1,156	BBB-	-	-	1,156
PIMCO Commodity Real Return Strategy Class	1,181	B+	1,181	-	-
Allspring Short-term High Yield Bond	3,909	B+	-	3,909	-
	<u>\$ 99,983</u>		<u>\$ 51,426</u>	<u>\$ 3,909</u>	<u>\$ 44,648</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 15 SOUTHERN YORK COUNTY SCHOOL DISTRICT FOUNDATION (CONTINUED)

Investments (Continued)

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

The Foundation has the following fair value measurements as of June 30, 2022:

Equities

Equities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and ask prices on such exchange.

Fixed Income Mutual Funds

Mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and ask prices on such exchange.

York County Community Foundation

In addition to the cash and investments noted above, the Southern York County School District Foundation (the "Foundation") has transferred assets to the York County Community Foundation ("YCCF") to hold them as an endowed component fund ("Fund") for the benefit of the Foundation. The Foundation has granted the YCCF variance power which gives YCCF's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to YCCF's investment and spending policies. The portion of the fund that was contributed directly to YCCF by the Foundation is considered a reciprocal transfer because the Foundation is also a beneficiary.

For this portion of the fund, the Foundation reports the fair value of the Fund as an investment in the statement of financial position for the discretely presented component unit. Changes in the value of the Fund are reported as gains or losses in the statement of activities. There is little transparency around inputs to the valuation, as a result, the securities are classified within level 3 of the valuation hierarchy.

The following table sets forth, by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of June 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 38,746	\$ 38,746	\$ -	\$ -
Fixed Income Mutual Funds	61,237	61,237	-	-
York Community Foundation	1,004,722	-	-	1,004,722
Total investments by fair value category	<u>\$ 1,104,705</u>	<u>\$ 99,983</u>	<u>\$ -</u>	<u>\$ 1,004,722</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 15 SOUTHERN YORK COUNTY SCHOOL DISTRICT FOUNDATION (CONTINUED)

Net Position

The following details the net position of the Foundation as of June 30, 2022:

Restricted - expendable	
Scholarships and awards	\$ <u>96,499</u>
Restricted - nonexpendable	
Scholarships and awards	<u>1,022,711</u>
Unrestricted	<u>7,622</u>
Total net position	\$ <u><u>1,126,832</u></u>

Transactions Between the Primary Government and Component Unit

During the year ended, the Foundation transferred \$ 38,459 to the School District to be used to assist in funding various programs for students.

NOTE 16 RESTATEMENT

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

	Governmental Activities
Net position/fund balance, as originally stated - June 30, 2021	\$ (45,082,968)
Implementation of GASB 87	<u>87,952</u>
Net position, as restated - June 30, 2021	\$ <u>(44,995,016)</u>
Change in net position/fund balance as originally reported - June 30, 2021	\$ 5,020,264
Implementation of GASB 87	<u>87,952</u>
Change in net position, as restated - June 30, 2021	\$ <u><u>5,108,216</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund (Unaudited)
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources				
Taxes	\$ 38,366,867	\$ 38,366,867	\$ 38,890,832	\$ 523,965
Charges for services	85,000	150,000	143,004	(6,996)
Investment income	30,000	30,000	53,807	23,807
Miscellaneous revenues	228,850	163,850	153,609	(10,241)
Federal revenue from intermediary sources	740,000	740,000	941,973	201,973
State sources	18,263,824	18,263,824	18,470,731	206,907
Federal sources	<u>1,321,473</u>	<u>1,321,473</u>	<u>1,316,667</u>	<u>(4,806)</u>
Total Revenues	<u>59,036,014</u>	<u>59,036,014</u>	<u>59,970,623</u>	<u>934,609</u>
EXPENDITURES				
Instruction				
Regular programs	24,419,250	24,116,250	23,204,908	911,342
Special programs	9,418,415	9,418,015	7,925,834	1,492,181
Vocational educational programs	987,000	987,000	934,053	52,947
Other instructional programs	<u>145,638</u>	<u>147,138</u>	<u>90,913</u>	<u>56,225</u>
Total Instruction	<u>34,970,303</u>	<u>34,668,403</u>	<u>32,155,708</u>	<u>2,512,695</u>
Support services				
Pupil personnel	2,076,039	2,090,339	2,078,876	11,463
Instructional staff	2,043,015	2,091,615	2,051,500	40,115
Administration	3,786,210	3,806,610	3,638,602	168,008
Pupil personnel - nursing services	905,973	915,473	903,453	12,020
Business	1,173,136	1,204,836	1,185,508	19,328
Operation and maintenance of plant services	4,930,660	5,016,960	4,641,523	375,437
Student transportation services	2,653,193	2,653,193	2,426,771	226,422
Central	1,561,843	1,737,043	1,479,876	257,167
Other support services	<u>16,000</u>	<u>16,000</u>	<u>5,418</u>	<u>10,582</u>
Total Support Services	<u>19,146,069</u>	<u>19,532,069</u>	<u>18,411,527</u>	<u>1,120,542</u>
Operation of noninstructional services				
Student activities	1,139,717	1,150,217	1,071,614	78,603
Community services	<u>23,764</u>	<u>23,764</u>	<u>13,414</u>	<u>10,350</u>
Total Operation of Non-Instructional Services	<u>1,163,481</u>	<u>1,173,981</u>	<u>1,085,028</u>	<u>88,953</u>
Debt service	-	-	197,843	(197,843)
Refund of prior year revenues	<u>-</u>	<u>-</u>	<u>21,582</u>	<u>(21,582)</u>
Total Expenditures	<u>55,279,853</u>	<u>55,374,453</u>	<u>51,871,688</u>	<u>3,502,765</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,956,161)	(4,956,161)	(5,164,061)	(207,900)
Budgetary reserve	<u>(300,000)</u>	<u>(205,400)</u>	<u>-</u>	<u>205,400</u>
Total Other Financing Sources (Uses)	<u>(5,256,161)</u>	<u>(5,161,561)</u>	<u>(5,164,061)</u>	<u>(2,500)</u>
Net change in fund balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	2,934,874	<u>\$ 4,434,874</u>
FUND BALANCES - BEGINNING			14,359,026	
FUND BALANCES - ENDING			<u>\$ 17,293,900</u>	

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Required Supplementary Information - Schedule of School District's Proportionate
Share of Net Pension Liability – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll- Measurement Period	School District's Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1696%	\$ 69,632,214	\$ 24,035,216	289.71%	63.67%
2021	0.1705%	83,952,522	23,922,931	350.93%	54.32%
2020	0.1685%	78,828,694	23,233,676	339.29%	55.66%
2019	0.1685%	80,888,000	22,689,546	356.50%	54.00%
2018	0.1733%	85,590,106	23,068,281	371.03%	51.84%
2017	0.1681%	83,305,026	21,771,513	382.63%	50.14%
2016	0.1736%	75,195,377	22,333,012	336.70%	54.36%
2015	0.1775%	70,255,773	22,655,748	310.10%	57.24%

NOTES

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

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

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during 2020-2021.

- Actuarial cost method – Entry Age Normal – level % of pay
- The investment return 7.00%, includes inflation of 2.50%
- Salary growth – effective average of 4.5% comprised of inflation of 2.50% and 2.00% for real wage growth for merit or seniority increases
- Mortality rates 50% PubT-2010 and 50% PubG-2010 Retire Tables for Males and Females. Adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Required Supplementary Information - Schedule of School District's Contributions -
Public School Employees' Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2022	\$ 8,422,203	\$ 8,422,203	\$ -	\$ 24,915,093	33.80%
2021	8,042,294	8,042,294	-	24,035,216	33.46%
2020	7,952,035	7,952,035	-	23,922,931	33.24%
2019	7,549,841	7,549,841	-	23,233,676	32.50%
2018	7,159,478	7,159,478	-	22,689,546	31.55%
2017	6,588,606	6,588,606	-	23,068,281	28.56%
2016	5,325,900	5,325,900	-	21,771,513	24.46%
2015	4,463,392	4,463,392	-	22,333,012	19.99%
2014	3,622,024	3,622,024	-	22,655,748	15.99%
2013	2,500,406	2,500,406	-	22,508,877	11.11%

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Required Supplementary Information - Schedule of Changes in the School District's
Total OPEB Liability and Related Ratios – School District Plan

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 249,946	\$ 224,898	\$ 201,547	\$ 263,056	\$ 251,609
Interest	59,063	107,819	83,463	125,631	92,936
Changes in benefit terms	-	-	293,964	-	-
Actual experience	-	(660,551)	-	(1,396,098)	-
Changes in assumptions	(102,569)	350,017	(92,236)	2,554	133,465
Benefit payments	<u>(63,111)</u>	<u>(101,523)</u>	<u>(102,420)</u>	<u>(198,912)</u>	<u>(218,860)</u>
Net change in total OPEB liability	143,329	(79,340)	384,318	(1,203,769)	259,150
Total OPEB liability - beginning	<u>2,959,669</u>	<u>3,039,009</u>	<u>2,654,691</u>	<u>3,858,460</u>	<u>3,599,310</u>
Total OEPB liability - ending	<u>\$ 3,102,998</u>	<u>\$ 2,959,669</u>	<u>\$ 3,039,009</u>	<u>\$ 2,654,691</u>	<u>\$ 3,858,460</u>
Covered employee payroll	N/A	\$ 23,116,247	\$ 23,196,053	\$ 22,487,406	\$ 21,184,503
Total OPEB liability as a percentage of covered employee payroll	N/A	12.80%	13.10%	11.81%	18.21%

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 the School District Plan, 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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Required Supplementary Information - Schedule of School District's Proportionate
Share of Net OPEB Liability – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.1695%	\$ 4,017,291	\$ 24,035,216	16.71%	5.30%
2021	0.1705%	3,681,828	23,922,931	15.39%	5.69%
2020	0.1685%	3,039,009	23,233,676	13.08%	5.56%
2019	0.1685%	2,654,691	22,689,546	11.70%	5.56%
2018	0.1733%	3,530,835	23,068,281	15.31%	5.73%

NOTES

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

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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Required Supplementary Information - Schedule of School District's OPEB Contributions
- Public School Employees' Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2022	\$ 198,625	\$ 198,625		\$ 24,915,093	0.80%
2021	196,323	196,323	-	24,035,216	0.82%
2020	200,231	200,231	-	23,922,931	0.84%
2019	192,220	192,220	-	23,233,676	0.83%
2018	187,220	187,220	-	22,689,546	0.83%

NOTES

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

OTHER SUPPLEMENTARY INFORMATION

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Program Period	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2021	Revenue Recognized	Expenditures	Receivable (Unearned) at June 30, 2022	Total Passed-Through to Subrecipients
DEPARTMENT OF EDUCATION											
Passed through Pennsylvania Department of Education											
Title I - Improving Basic Programs	1	84.010	013-21-0409	7/1/20-9/30/21	\$ 303,249	\$ 106,872	\$ 65,237	\$ 41,635	\$ 41,635	\$ -	\$ -
Title I - Improving Basic Programs	1	84.010	013-22-0409	7/1/21-9/30/22	341,816	243,497	-	310,612	310,612	67,115	-
Total Title I - Improving Basic Programs						350,369	65,237	352,247	352,247	67,115	-
Title II - Improving Teacher Quality	1	84.367	013-21-0409	7/1/20-9/30/21	68,307	14,519	11,390	3,129	3,129	-	-
Title II - Improving Teacher Quality	1	84.367	013-22-0409	7/1/21-9/30/22	69,526	64,355	-	69,526	69,526	5,171	-
Total Title II - Improving Teacher Quality						78,874	11,390	72,655	72,655	5,171	-
Title IV - Student Support and Academic Enrichment	1	84.424	144-21-0409	7/1/20-9/30/21	22,670	8,096	3,366	4,730	4,730	-	-
Title IV - Student Support and Academic Enrichment	1	84.424	144-22-0409	7/1/21-9/30/22	22,804	21,163	-	22,804	22,804	1,641	-
Total Title IV - Title IV - Student Support and Academic Enrichment						29,259	3,366	27,534	27,534	1,641	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	1	84.425D	200-21-0409	3/13/20-9/30/23	1,119,806	651,050	205,875	734,682	528,807	83,632	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	1	84.425U	223-21-0409	3/13/20-9/30/24	2,265,043	123,548	-	82,968	82,968	(40,580)	-
COVID-19 ARP ESSER 7% Set-Asides	1	84.425U	225-21-0409	3/13/20-9/30/24	176,045	22,406	-	46,000	46,000	23,594	-
COVID-19 ARP ESSER Homeless Children and Youth	1	84.425W	181-21-2409	3/13/20-9/30/24	12,562	966	-	-	-	(966)	-
Passed Through - Pennsylvania Commission on Crime and Delinquency											
COVID-19 School Health and Safety	1	84.425D	2020-ES-01-35270	3/13/20-9/30/22	86,894	18,414	17,833	581	581	-	-
Total COVID-19 Education Stabilization Fund						816,384	223,708	864,231	658,356	65,680	-
Passed through Lincoln Intermediate Unit 12											
Special Education Cluster (IDEA)											
IDEA Part B - Special Education	1	84.027	N/A	7/1/21-6/30/22	732,907.00	732,907	-	732,907	732,907	-	-
IDEA 619 funds - Special Education	1	84.173	N/A	7/1/21-6/30/22	5,850	4,620	-	4,620	4,620	-	-
COVID-19 ARP - IDEA Part B	1	84.027	N/A	7/1/20-9/30/2022	157,198	-	-	157,198	157,198	157,198	-
Passed through Pennsylvania Department of Education											
COVID-19 Special Education Covid Impact Mitigation	1	84.027	252-200-409	7/1/20-9/30/21	19,558	13,039	13,039	-	-	-	-
Total Special Education Cluster						750,566	13,039	894,725	894,725	157,198	-
Title III	1	84.365	N/A	7/1/21-9/30/22	3,469	3,469	-	3,469	3,469	-	-
Total Department of Education						2,028,921	316,740	2,214,861	2,008,986	296,805	-
DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
COVID-19 School Breakfast Program	1	10.553	N/A	7/1/20-6/30/21	N/A	7,140	7,140	-	-	-	-
COVID-19 School Breakfast Program	1	10.553	N/A	7/1/21-6/30/22	N/A	336,151	-	336,753	336,753	602	-
Total School Breakfast Program						343,291	7,140	336,753	336,753	602	-
COVID 19 - School Lunch Program	1	10.555	N/A	7/1/20-6/30/21	N/A	14,166	14,166	-	-	-	-
COVID 19 - School Lunch Program	1	10.555	N/A	7/1/21-6/30/22	N/A	1,231,836	-	1,233,099	1,233,099	1,263	-
COVID 19 - Supply Chain Assistance	1	10.555	N/A			58,283	-	58,283	-	-	-
COVID 19 - SNP Emergency Operating Costs	1	10.555	N/A			17,443	-	17,443	17,443	-	-
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program - commodities	I(B)	10.555	N/A	7/1/21-6/30/22	N/A	130,214	-	130,214	130,214	-	-
Total National School Lunch Program						1,451,942	14,166	1,439,039	1,380,756	1,263	-
Total Child Nutrition Cluster						1,795,233	21,306	1,775,792	1,717,509	1,865	-
COVID 19 - P-EBT Local Admin Funds	1	10.649				614	-	614	614	-	-
Total Department of Agriculture						1,795,847	21,306	1,776,406	1,718,123	1,865	-
Total Federal Financial Assistance						\$ 3,824,768	\$ 338,046	\$ 3,991,267	\$ 3,727,109	\$ 298,670	\$ -

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

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(B) Based on USDA valuation

(I) Indirect Award

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedule of expenditures of federal awards is presented using the accrual basis of accounting, 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 accounts payable or a receivable, respectively.

Indirect Cost Rate

The School District has not elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.



**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
Southern York County School District
Glen Rock, 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, the discretely presented component unit, and the aggregate remaining fund information of Southern York County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Southern York County School District’s basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Smith & Elliott Reams & Company, LLC

Chambersburg, Pennsylvania
December 15, 2022



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

Board of Directors
Southern York County School District
Glen Rock, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Southern York County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern York County School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southern York County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Chambersburg, Pennsylvania
December 15, 2022

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

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

Unmodified

- Any compliance audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516? Yes No

Identification of the major programs:

ALN Number(s)	Name of Federal Program
84.027	Special Education Cluster:
84.173	IDEA Part B
84.027	IDEA Section 619
	ARP IDEA Part B
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

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

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted.

B. Compliance Findings

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

Section III - Federal Award Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance

None

B. Compliance Findings

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

Southern York County School District

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

Findings related to financial statements:

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

Findings related to federal awards:

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