

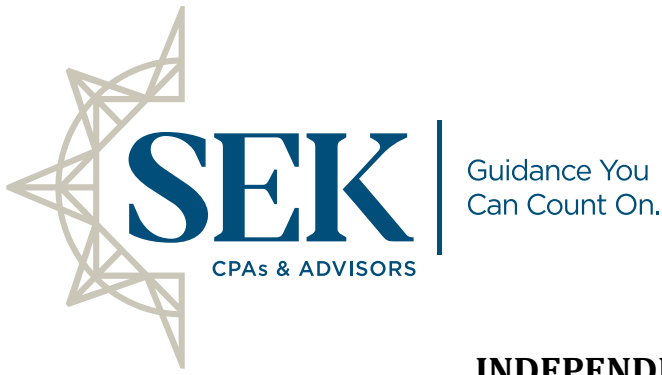
Audited
Financial
Statements

June 30,
2021

**Southern York County
School District**

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 - 9
FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Notes to Financial Statements	19 - 57
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Budgetary Comparison Schedule - General Fund	58
Schedule of School District's Proportionate Share of Net Pension Liability - Public School Employees' Retirement System	59
Schedule of School District's Contributions - Public School Employees' Retirement System	60
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios - School District Plan	61
Schedule of School District's Proportionate Share of Net OPEB Liability - Public School Employees' Retirement System	62
Schedule of School District's OPEB Contributions - Public School Employees' Retirement System	63
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	64
Notes to the Schedule of Expenditures of Federal Awards	65
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 <i>GOVERNMENT AUDITING STANDARDS</i>	66 - 67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	68 - 69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	70 - 71
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	72



INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Southern York County School District, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, Southern York County School District adopted new accounting guidance, Government Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. See footnote 15 for restatement for the implementation of GASB 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 9, the budgetary comparison schedule - general fund on page 58, and the schedules related to the pension and OPEB liabilities on pages 59 - 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern York County School District’s basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 taken 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, 2021, 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 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 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.

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

Chambersburg, Pennsylvania
December 15, 2021

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, 2021. 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, 2021 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, 2021 and June 30, 2020

	June 30, 2021		June 30, 2020	
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities
Assets				
Current Assets	\$ 28,440,908	\$ 123,902	\$ 27,629,686	\$ 51,038
Capital Assets	36,176,850	73,782	36,310,052	91,980
Total Assets	64,617,758	197,684	63,939,738	143,018
Deferred Outflows of Resources	14,337,882	12,799	11,002,139	23,144
Total Deferred Outflows of Resources	14,337,882	12,799	11,002,139	23,144
Total Assets and Deferred Outflows of Resources	\$ 78,955,640	\$ 210,483	\$ 74,941,877	\$ 166,162
Liabilities				
Current and Other Liabilities	\$ 8,915,625	\$ 82,295	\$ 11,923,296	\$ 70,362
Long-Term Liabilities	110,608,106	88,958	107,309,775	174,105
Total Liabilities	119,523,731	171,253	119,233,071	244,467
Deferred Inflows of Resources	4,514,877	89,629	5,947,333	49,059
Total Deferred Inflows of Resources	4,514,877	89,629	5,947,333	49,059
Net Position				
Net Investment in Capital Assets	11,099,835	73,782	3,766,252	91,980
Restricted	683,276	12,180	584,052	-
Unrestricted (deficit)	(56,866,079)	(136,361)	(54,588,831)	(219,344)
Total Net Position	(45,082,968)	(50,399)	(50,238,527)	(127,364)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 78,955,640	\$ 210,483	\$ 74,941,877	\$ 166,162

The (\$ 56,866,079) of unrestricted net position as of June 30, 2021 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, 2021. Unrestricted net position is in a deficit, which is attributed to the \$ 83.9 million net pension liability. The pension liability is recorded at 100% of the pension cost, but the state reimburses 50% of this cost when paid. Net Investment in Capital Assets of \$ 11,099,835 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 \$ 2,500. Many of the projects financed with debt would have been used to purchase assets with a cost less than \$ 2,500, 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, 2021. As reflected in the Statement of Activities, the change in net position for the current year was \$ 5,020,264 for Governmental and \$ 76,965 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, 2021 and June 30, 2020**

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	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	\$ 25,748,730	\$ 3,914,907	\$ 21,833,823	\$ 24,894,665	\$ 3,643,846	\$ 21,250,819
Special Program Instruction	7,530,173	3,413,343	4,116,830	7,702,230	3,377,765	4,324,465
Other Program Instruction	951,884	1,253	950,631	977,611	445	977,166
Administration & Other Support	6,204,001	1,008,240	5,195,761	6,138,352	682,838	5,455,514
Interest and Fiscal Charges	626,577	1,045,140	(418,563)	722,728	968,885	(246,157)
Operation of Plant Services	4,951,723	570,357	4,381,366	4,436,568	408,893	4,027,675
Pupil Support Services	4,550,802	712,945	3,837,857	4,645,357	725,109	3,920,248
Student Transportation Services	2,174,069	1,040,714	1,133,355	2,263,928	963,975	1,299,953
Food Service	757,212	798,066	(40,854)	1,154,523	1,021,795	132,728
Non-Instructional Support Services	989,128	132,433	856,695	959,696	132,679	827,017
Adult and Community Services	5,340	45	5,295	10,241	6,347	3,894
Total Governmental and Business-Type Activities	<u>\$ 54,489,639</u>	<u>\$ 12,637,443</u>	<u>\$ 41,852,196</u>	<u>\$ 53,905,899</u>	<u>\$ 11,932,577</u>	<u>\$ 41,973,322</u>

As shown in the above schedule, 2021 programs generated \$ 12,637,443 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 63.58% of the School District's support for the year ended June 30, 2021. 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, 2021		Year Ended June 30, 2020	
	Program Revenue	General Revenue	Program Revenue	General Revenue
Charges for Services	\$ 227,176	\$ -	\$ 730,403	\$ -
Operating Grants and Contributions	10,813,365	-	10,233,289	-
Capital Grants and Contributions	1,596,902	-	968,885	-
Taxes	-	37,855,653	-	37,087,301
Unrestricted Grants and Entitlements	-	9,047,213	-	9,074,788
Investment Earnings	-	27,210	-	461,059
Miscellaneous/Transfers	-	(16,762)	-	(363,389)
Total Revenue	<u>\$ 12,637,443</u>	<u>\$ 46,913,314</u>	<u>\$ 11,932,577</u>	<u>\$ 46,259,759</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. The School District also has a fund for student activities.

The School District continues to maintain a healthy fund balance in the General Fund. The fund balance in the General Fund increased by \$ 2,743,976 for the year ended June 30, 2021. The increase in fund balance is a result of lower than anticipated salary and benefit expenses due to positions remaining unfilled or vacant, along with savings relating to medical insurance. Overall, many other expenditure categories, such as transportation and substitute teacher costs were lower in the 2020-2021 fiscal year, because of limitations driven by the pandemic. Expenditure savings were coupled with higher than budgeted real estate, earned income and transfer tax revenues, along with increases in federal funding to assist with pandemic related expenditures.

The fund balance (operating reserve) as of June 30, 2021 is \$ 14,359,026 or 23.72% of the 2021-2022 expenditure budget. The 2021-2022 general fund budget was balanced by using \$ 1,500,000 of the fund balance of the general fund. The School District has been assigning surplus amounts for future capital expenditures, such as projects included in our feasibility study. As of June 30, 2021, \$ 9,778,096 has been assigned. This assignment of fund balance reduces the unassigned fund balance down to 5.09%, which is approximate to the goal of five percent that is set by the Board of Education as a standard of financial health.

The Capital Reserve Fund balance as of June 30, 2021 is \$ 683,276. This balance consists of funds remaining from projects completed under budget and projects not completed as of June 30, 2021. Projects have been designated for the use of these funds over the next ten years. The Capital Projects Fund balance as of June 30, 2021 is \$ 3,643,431 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 \$ 1,607,007 as of June 30, 2021. These funds will be used for 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 sponsored activity funds, which because of the implementation of GASB 84, is now presented with Governmental Funds on the financial statements. The 2020-2021 fiscal year is the first year these are presented on the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds, previously these were shown in the Statement of Fiduciary Net Position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2021, the School District had \$ 36,176,850 (net of accumulated depreciation) invested in a broad range of capital assets including land, buildings, furniture and equipment, and construction in progress. The School District capitalizes assets purchased with a cost greater than \$ 2,500. Other assets purchased are expensed when purchased.

As of June 30, 2021, the School District had \$ 20,180,000 (gross of bond discounts) in outstanding general obligation bonds and notes.

SOUTHERN YORK COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

On November 30, 2021, the School District issued \$ 9,275,000 of General Obligation Bonds to be used towards the Susquehannock High School Renovations and Additions project. This amount is not included in the \$ 20,180,000 shown above.

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. In May 2021, the Board of Education amended the 2020-2021 budget to account for \$ 766,000 of Federal Grants relating to the COVID-19 Pandemic, which were matched with the expenditures they related to. These grants were issued after the adoption of the 2020-2021 General Fund Budget.

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. Additional state and federal mandates continue without adequate funding, with small or level funding increases with respect to basic and special education funding from the State.

The COVID-19 Pandemic continued to have an impact on how the School District operated throughout the 2020-2021 fiscal year. Throughout the duration of the 2020-21 school year, approximately 25% of School District students received fully remote learning while others received a hybrid model of learning for most of the school year. For the 2021-2022 school year, the School District has about 3.5% of students participating in a School District provided remote learning program.

There was a tax increase of 2.68%, or an increase of .51 mills made to the real estate tax rate for the 2021-22 school year, this is the first tax increase made by the School District since the 2018-19 school year. Compared to other York County school districts in the Lincoln Intermediate Unit, our real estate tax rate continues to be the lowest.

Below is a comparative summary of the General Fund Budget by major category compared to the actual results for years ended June 30, 2021 and 2020, respectively. The 2020-2021 budget included use of \$ 1,500,000 of fund balance. As shown below, General Fund revenues exceeded General Fund expenditures by \$ 4,243,976 for the year ended June 30, 2021. Revenues exceeded final budget by \$ 720,207, primarily relating to an increase in local tax revenues. Federal revenue was amended at the May 2021 Board meeting to include \$ 766,000 of federal grant funding and the associated expenditures. Expenditures were under budget by \$ 3,523,769, as the School District experienced lower than anticipated salary and benefit expenditures that were due to positions remaining unfilled or vacant, along with savings relating to medical insurance. Several other expenditure categories, such as transportation and substitute teacher costs were lower in the 2020-21 fiscal year, because of limitations driven by the pandemic. As a result of the increased revenues and reduction of expenditures, the School District used no fund balance to balance the 2020-2021 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, 2021 and June 30, 2020**

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Final Budget	Actual Results	Variance Favorable/ (Unfavorable)	Final Budget	Actual Results	Variance Favorable/ (Unfavorable)
Local Revenue	\$ 37,779,419	\$ 38,945,153	\$ 1,165,734	\$ 37,950,494	\$ 38,681,147	\$ 730,653
State Revenue	18,914,805	18,637,326	(277,479)	18,106,617	18,692,294	585,677
Federal Revenue	1,154,153	986,105	(168,048)	391,371	394,575	3,204
Total Revenue	57,848,377	58,568,584	720,207	56,448,482	57,768,016	1,319,534
Instruction	33,409,734	31,535,345	1,874,389	32,623,693	30,990,718	1,632,975
Support Services	19,296,697	17,317,981	1,978,716	18,631,461	16,950,638	1,680,823
Non-Instructional Services	1,110,358	914,679	195,679	1,075,340	922,835	152,505
Refund of Prior Year Receipts	-	3,815	(3,815)	-	135	(135)
Debt service	-	197,843	(197,843)	-	254,723	(254,723)
Other Financing (Sources)/Uses	5,531,588	5,854,945	(323,357)	5,617,988	6,212,226	(594,238)
Total Expenditures	59,348,377	55,824,608	3,523,769	57,948,482	55,331,275	2,617,207
Excess Revenue over Expenditures	\$ (1,500,000)	\$ 2,743,976	\$ 4,243,976	\$ (1,500,000)	\$ 2,436,741	\$ 3,936,741

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, 2021, the Foundation had total net position of \$ 1,126,411 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 sponsored 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, 2021

	Governmental Activities	Business - Type Activities	Total	Component Unit Foundation
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 23,760,328	\$ 76,224	\$ 23,836,552	\$ 64,007
Investments	248,000	-	248,000	1,057,531
Receivables				
Taxes	1,984,312	-	1,984,312	-
Internal balances	21,631	(21,631)	-	-
Intergovernmental	2,129,638	22,159	2,151,797	-
Other	257,053	618	257,671	16,820
Prepaid items	39,946	-	39,946	-
Inventories	-	46,532	46,532	-
Total current assets	<u>28,440,908</u>	<u>123,902</u>	<u>28,564,810</u>	<u>1,138,358</u>
Noncurrent assets				
Capital assets not being depreciated				
Land	2,754,758	-	2,754,758	-
Construction in progress	2,421,358	-	2,421,358	-
Capital assets net of accumulated depreciation				
Site improvements	2,930,378	-	2,930,378	-
Building and building improvements	26,492,181	-	26,492,181	-
Furniture and equipment	1,578,175	73,782	1,651,957	-
Total noncurrent assets	<u>36,176,850</u>	<u>73,782</u>	<u>36,250,632</u>	<u>-</u>
Total Assets	<u>64,617,758</u>	<u>197,684</u>	<u>64,815,442</u>	<u>1,138,358</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	13,278,702	11,927	13,290,629	-
Deferred outflows related to OPEB liability	949,367	872	950,239	-
Deferred charges on bond refunding	109,813	-	109,813	-
Total deferred outflows of resources	<u>14,337,882</u>	<u>12,799</u>	<u>14,350,681</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 78,955,640</u>	<u>\$ 210,483</u>	<u>\$ 79,166,123</u>	<u>\$ 1,138,358</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,243,005	\$ 81,793	\$ 1,324,798	\$ 11,947
Accrued salaries and benefits	5,097,904	-	5,097,904	-
Payroll deductions and withholdings	246,439	-	246,439	-
Accrued interest	170,252	-	170,252	-
Portion due or payable within one year				
General obligation bonds payable	1,849,828	-	1,849,828	-
Capital lease payable	184,911	-	184,911	-
Compensated absences	123,286	502	123,788	-
Total current liabilities	<u>8,915,625</u>	<u>82,295</u>	<u>8,997,920</u>	<u>11,947</u>
Noncurrent liabilities				
Portion due or payable after one year				
General obligation bonds payable	18,948,284	-	18,948,284	-
Capital lease payable	40,671	-	40,671	-
Compensated absences	1,109,574	4,516	1,114,090	-
Net pension liability	83,876,772	75,750	83,952,522	-
OPEB liability	6,632,805	8,692	6,641,497	-
Total noncurrent liabilities	<u>110,608,106</u>	<u>88,958</u>	<u>110,697,064</u>	<u>-</u>
Total Liabilities	<u>119,523,731</u>	<u>171,253</u>	<u>119,694,984</u>	<u>11,947</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension liability	2,597,113	74,840	2,671,953	-
Deferred inflows related to OPEB liability	1,917,764	14,789	1,932,553	-
Total deferred inflows of resources	<u>4,514,877</u>	<u>89,629</u>	<u>4,604,506</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	11,099,835	73,782	11,173,617	-
Restricted - expendable	683,276	12,180	695,456	123,432
Restricted - nonexpendable	-	-	-	976,981
Unrestricted (deficit)	(56,866,079)	(136,361)	(57,002,440)	25,998
Total Net Position (Deficit)	<u>(45,082,968)</u>	<u>(50,399)</u>	<u>(45,133,367)</u>	<u>1,126,411</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 78,955,640</u>	<u>\$ 210,483</u>	<u>\$ 79,166,123</u>	<u>\$ 1,138,358</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2021

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	\$ 25,748,730	\$ 15,706	\$ 3,899,201	\$ -	\$ (21,833,823)	\$ -	\$ (21,833,823)	
Special programs	7,530,173	28,528	3,384,815	-	(4,116,830)	-	(4,116,830)	
Vocational educational programs	886,309	-	-	-	(886,309)	-	(886,309)	
Other instructional programs	65,575	-	1,253	-	(64,322)	-	(64,322)	
Support services								
Pupil personnel	2,005,663	41,032	331,184	-	(1,633,447)	-	(1,633,447)	
Instructional staff	1,708,034	-	199,690	-	(1,508,344)	-	(1,508,344)	
Administration	3,626,237	-	441,623	-	(3,184,614)	-	(3,184,614)	
Pupil health	837,105	-	141,038	-	(696,067)	-	(696,067)	
Business	1,061,531	-	121,032	-	(940,499)	-	(940,499)	
Operation and maintenance of plant services	4,951,723	37,656	320,208	212,494	(4,381,365)	-	(4,381,365)	
Student transportation services	2,174,069	-	1,040,714	-	(1,133,355)	-	(1,133,355)	
Central	1,516,233	19,542	86,775	339,268	(1,070,648)	-	(1,070,648)	
Operation of non-instructional services								
Student activities	989,128	34,539	97,894	-	(856,695)	-	(856,695)	
Community services	5,340	-	45	-	(5,295)	-	(5,295)	
Interest and fiscal charges	626,577	-	-	1,045,140	418,563	-	418,563	
Total Governmental Activities	<u>53,732,427</u>	<u>177,003</u>	<u>10,065,472</u>	<u>1,596,902</u>	<u>(41,893,050)</u>	<u>-</u>	<u>(41,893,050)</u>	
BUSINESS-TYPE ACTIVITIES								
Food service	757,212	50,173	747,893	-	-	40,854	40,854	
Total Primary Government	<u>\$ 54,489,639</u>	<u>\$ 227,176</u>	<u>\$ 10,813,365</u>	<u>\$ 1,596,902</u>	<u>(41,893,050)</u>	<u>40,854</u>	<u>(41,852,196)</u>	
COMPONENT UNIT - FOUNDATION	<u>\$ 138,448</u>	<u>\$ -</u>	<u>\$ 77,005</u>	<u>\$ 29,961</u>				<u>\$ (31,482)</u>
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes, public utility realty tax, and earned income tax					37,855,653	-	37,855,653	-
Grants and entitlements not restricted to specific programs					9,047,213	-	9,047,213	25,120
Investment earnings					27,210	-	27,210	-
Miscellaneous					27,586	11	27,597	-
Gain (loss) on sale of capital assets					(8,248)	-	(8,248)	-
Transfers					(36,100)	36,100	-	-
Total General Revenues and Transfers					<u>46,913,314</u>	<u>36,111</u>	<u>46,949,425</u>	<u>25,120</u>
CONTRIBUTIONS TO PERMANENT ENDOWMENT FUNDS								
Change in Net Position					5,020,264	76,965	5,097,229	267,697
Net Position - Beginning, as restated					(50,103,232)	(127,364)	(50,230,596)	858,714
Net Position - Ending					<u>\$ (45,082,968)</u>	<u>\$ (50,399)</u>	<u>\$ (45,133,367)</u>	<u>\$ 1,126,411</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Capital Reserve Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 19,290,450	\$ 9,948	\$ 4,329,394	\$ 9,384	\$ 112,740	\$ 23,751,916
Investments	248,000	-	-	-	-	248,000
Taxes receivable (net)	1,984,312	-	-	-	-	1,984,312
Interfund receivables	199,596	685,033	-	1,597,623	-	2,482,252
Intergovernmental receivables	2,129,638	-	-	-	-	2,129,638
Other receivables	253,915	-	-	-	3,138	257,053
Prepaid expenditures	39,946	-	-	-	-	39,946
Total Assets	\$ 24,145,857	\$ 694,981	\$ 4,329,394	\$ 1,607,007	\$ 115,878	\$ 30,893,117
LIABILITIES						
Accounts payable	\$ 596,786	\$ 11,705	\$ 507,998	\$ -	\$ 17,615	\$ 1,134,104
Interfund payables	2,919,184	-	177,965	-	-	3,097,149
Accrued salaries and benefits	5,097,311	-	-	-	-	5,097,311
Payroll deductions and withholdings	246,439	-	-	-	-	246,439
Total Liabilities	8,859,720	11,705	685,963	-	17,615	9,575,003
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	927,111	-	-	-	-	927,111
Total Deferred Inflows of Resources	927,111	-	-	-	-	927,111
FUND BALANCES						
Nonspendable						
Prepaid expenditures	39,946	-	-	-	-	39,946
Restricted						
Future capital expenditures	-	683,276	3,643,431	-	-	4,326,707
Community needs	1,436	-	-	-	-	1,436
Special education	12,747	-	-	-	-	12,747
Committed						
Debt service expenditures	-	-	-	1,607,007	-	1,607,007
Student activities	-	-	-	-	98,263	98,263
Assigned						
Future capital expenditures	9,778,096	-	-	-	-	9,778,096
Budgeted deficit for 2021 - 2022	1,500,000	-	-	-	-	1,500,000
Unassigned	3,026,801	-	-	-	-	3,026,801
Total Fund Balances	14,359,026	683,276	3,643,431	1,607,007	98,263	20,391,003
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,145,857	\$ 694,981	\$ 4,329,394	\$ 1,607,007	\$ 115,878	\$ 30,893,117

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

Total fund balances - governmental funds \$ 20,391,003

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	107,634,639	
Accumulated depreciation	<u>(71,457,789)</u>	36,176,850

Certain receivables are not available to pay for current-period expenditures and therefore are deferred or are not recorded in the fund financial statements. 927,111

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. 535,446

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	(20,798,112)
Deferred charges on bond refunding	109,813
Accrued interest payable	(170,252)
Capital lease payable	(225,582)
OPEB liability	(6,632,805)
Deferred outflows related to OPEB liability	949,367
Deferred inflows related to OPEB liability	(1,917,764)
Net pension liability	(83,876,772)
Deferred outflows related to pension liability	13,278,702
Deferred inflows related to pension liability	(2,597,113)
Compensated absences	<u>(1,232,860)</u>

Total net position - governmental activities \$ (45,082,968)

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2021

	General Fund	Capital Reserve Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Fund	Total Governmental Funds
REVENUES						
Local sources						
Taxes	\$ 37,843,345	\$ -	\$ -	\$ -	\$ -	\$ 37,843,345
Charges for services	134,199	-	-	-	25,186	159,385
Investment income	22,571	998	3,042	342	-	26,953
Other	76,384	-	-	-	6,745	83,129
Fundraiser income	-	-	-	-	10,137	10,137
Federal revenue from local sources	868,654	-	-	-	-	868,654
State sources	18,637,326	-	-	-	-	18,637,326
Federal sources	986,105	-	-	-	-	986,105
Total revenues	<u>58,568,584</u>	<u>998</u>	<u>3,042</u>	<u>342</u>	<u>42,068</u>	<u>58,615,034</u>
EXPENDITURES						
Instruction						
Regular programs	22,784,436	-	-	-	-	22,784,436
Special programs	7,797,897	-	-	-	-	7,797,897
Vocational educational programs	886,309	-	-	-	-	886,309
Other instructional programs	66,703	-	-	-	-	66,703
Support services						
Pupil personnel	1,956,232	-	-	-	-	1,956,232
Instructional staff	1,722,304	-	-	-	-	1,722,304
Administration	3,487,441	-	-	-	-	3,487,441
Pupil health	843,413	-	-	-	-	843,413
Business	1,109,560	-	-	-	-	1,109,560
Operation and maintenance of plant services	4,480,514	-	-	-	-	4,480,514
Student transportation services	2,199,276	-	-	-	-	2,199,276
Central	1,503,946	-	-	-	-	1,503,946
Other support services	15,295	-	-	53,250	-	68,545
Operation of noninstructional services						
Student activities	897,982	-	-	-	48,615	946,597
Community services	16,697	-	-	-	-	16,697
Facilities acquisition, construction and improvement services	-	281,831	2,308,861	-	-	2,590,692
Debt service	197,843	-	-	4,849,332	-	5,047,175
Refund of prior year revenues	3,815	-	-	-	-	3,815
Total expenditures	<u>49,969,663</u>	<u>281,831</u>	<u>2,308,861</u>	<u>4,902,582</u>	<u>48,615</u>	<u>57,511,552</u>
Excess (deficiency) of revenues over expenditures	<u>8,598,921</u>	<u>(280,833)</u>	<u>(2,305,819)</u>	<u>(4,902,240)</u>	<u>(6,547)</u>	<u>1,103,482</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt refinancing	-	-	-	9,880,000	-	9,880,000
Payment to refinance debt	-	-	-	(9,715,000)	-	(9,715,000)
Transfers in (out)	(5,854,945)	380,057	-	5,313,788	-	(161,100)
Total other financing sources (uses)	<u>(5,854,945)</u>	<u>380,057</u>	<u>-</u>	<u>5,478,788</u>	<u>-</u>	<u>3,900</u>
Net change in fund balances	2,743,976	99,224	(2,305,819)	576,548	(6,547)	1,107,382
Fund balances - beginning, as restated	<u>11,615,050</u>	<u>584,052</u>	<u>5,949,250</u>	<u>1,030,459</u>	<u>104,810</u>	<u>19,283,621</u>
Fund balances - ending	<u>\$ 14,359,026</u>	<u>\$ 683,276</u>	<u>\$ 3,643,431</u>	<u>\$ 1,607,007</u>	<u>\$ 98,263</u>	<u>\$ 20,391,003</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, 2021

Net change in fund balances - total governmental funds \$ 1,107,382

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays net of retirements (\$ 2,965,085) differed from depreciation expense (\$ 3,128,772) in the current period. (163,687)

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. 12,108

Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds. 208,756

Repayment of bond principal is reported as expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 4,175,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. 58,672

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. (365,557)

Governmental funds report capital lease proceeds as current financial resources. In contracts, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report principal repayments of capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 174,818

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.

	Series of 2020	
Issuance of general obligation note	(9,880,000)	
Payment to refund bonds	9,715,000	
	(165,000)	(165,000)

The change in net position of the internal service fund is added to governmental activities in the Statement of Activities. (22,228)

Change in net position of governmental activities \$ 5,020,264

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2021

	Food Service Fund	Internal Service Fund - Retirement
ASSETS		
Current assets		
Cash and cash equivalents	\$ 76,224	\$ 8,412
Accounts receivable	618	-
Interfund receivables	-	636,528
Intergovernmental receivables	22,159	-
Inventories	46,532	-
Total current assets	<u>145,533</u>	<u>644,940</u>
Noncurrent Assets		
Furniture and equipment, net	<u>73,782</u>	-
Total assets	<u>219,315</u>	<u>644,940</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension liability	11,927	-
Deferred outflows related to OPEB liability	<u>872</u>	-
Total deferred outflows of resources	<u>12,799</u>	-
Total assets and deferred outflows of resources	<u>\$ 232,114</u>	<u>\$ 644,940</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 81,793	\$ 109,494
Interfund payables	21,631	-
Compensated absences	<u>502</u>	-
Total current liabilities	<u>103,926</u>	<u>109,494</u>
Noncurrent liabilities		
Compensated absences	4,516	-
Net pension liability	75,750	-
OPEB liability	<u>8,692</u>	-
Total noncurrent liabilities	<u>88,958</u>	-
Total liabilities	<u>192,884</u>	<u>109,494</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension liability	74,840	-
Deferred inflows related to OPEB liability	<u>14,789</u>	-
Total deferred inflows of resources	<u>89,629</u>	-
NET POSITION		
Net investment in capital assets	73,782	-
Restricted	12,180	-
Unrestricted (deficit)	<u>(136,361)</u>	<u>535,446</u>
Total net position (deficit)	<u>(50,399)</u>	<u>535,446</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 232,114</u>	<u>\$ 644,940</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2021

	Food Service Fund	Internal Service Fund - Retirement
OPERATING REVENUES		
Food service revenue	\$ 62,170	\$ -
Other operating revenues	959	-
Total operating revenues	<u>63,129</u>	<u>-</u>
OPERATING EXPENSES		
Food and milk purchases	275,031	-
Salaries and wages	21,779	-
Employee benefits/pension adjustment	(13,608)	147,485
Purchased property services	3,884	-
Supplies and small equipment	725	-
Repairs and maintenance	38,266	-
Depreciation	18,198	-
Management administrative services	412,937	-
Total operating expenses	<u>757,212</u>	<u>147,485</u>
Operating loss	<u>(694,083)</u>	<u>(147,485)</u>
NON-OPERATING REVENUES		
Federal subsidies	706,383	-
State subsidies	28,565	-
Earnings on investments	-	257
Total non-operating revenue	<u>734,948</u>	<u>257</u>
Income (loss) before transfers	<u>40,865</u>	<u>(147,228)</u>
Interfund transfers	<u>36,100</u>	<u>125,000</u>
Change in net position	<u>76,965</u>	<u>(22,228)</u>
Total net position (deficit)- beginning	<u>(127,364)</u>	<u>557,674</u>
Total net position (deficit) - ending	<u>\$ (50,399)</u>	<u>\$ 535,446</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Food Service Fund	Internal Service Fund - Retirement
Cash flows from operating activities		
Cash received from customers/other funds	\$ 80,824	\$ -
Cash paid to suppliers and service providers	(612,139)	-
Cash paid to and on behalf of employees	(151,078)	(37,991)
Net cash used by operating activities	<u>(682,393)</u>	<u>(37,991)</u>
Cash flows from noncapital financing activities		
Federal subsidies	638,964	-
State subsidies	29,947	-
Interfund transfers	36,100	37,734
Net cash provided by noncapital financing activities	<u>705,011</u>	<u>37,734</u>
Cash flows from investing activities		
Earnings on investments	-	257
Net cash provided by investing activities	<u>-</u>	<u>257</u>
Net increase (decrease) in cash	<u>22,618</u>	<u>-</u>
Cash and cash equivalents - beginning	<u>53,606</u>	<u>8,412</u>
Cash and cash equivalents - ending	<u>\$ 76,224</u>	<u>\$ 8,412</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities		
Cash flows from operating activities		
Operating loss	\$ (694,083)	\$ (147,485)
Adjustments to reconcile operating loss to net cash provided (used) in operating activities:		
Donated inventory used	100,148	-
Depreciation	18,198	-
(Increase) decrease in:		
Other receivables	17,695	-
Inventories	6,590	-
Increase (decrease) in:		
Accounts payable and accrued expenses	11,904	109,494
Compensated absences	293	-
Unearned revenues	-	-
Interfund payables	(108,642)	-
Net pension liability	(73,717)	-
Deferred outflows related to pension liability	8,291	-
Deferred inflows related to pension liability	31,219	-
OPEB liability	(11,694)	-
Deferred outflows related to OPEB liability	2,054	-
Deferred inflows related to OPEB liability	9,351	-
Total adjustments	<u>11,690</u>	<u>109,494</u>
Net cash provided (used) by operating activities	<u>\$ (682,393)</u>	<u>\$ (37,991)</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, 2021, the School District paid \$ 835,082 to York County School of Technology for operating expenditures. In addition, the School District paid \$ 223,827 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, 2021, 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 appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training. During the year ended June 30, 2021, the School District paid \$ 1,624,124 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 Government 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)

Fund Accounting (Continued)

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to account for fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. With the adoption of a new accounting standard, Student Activities that were previously presented as Agency Funds were evaluated. Based on the evaluation of the School District's administrative involvement in student activities, this activity was restated and is now reported as a Special Revenue Fund.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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). Fiduciary funds are reported by fund type.

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and 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.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other 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.
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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021.

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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Balances/Activity (Continued)

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 \$ 2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized.

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

	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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

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.

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 net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources on the statement of net position consist of various amounts related to pension liabilities and OPEB liabilities. The School District also reports unavailable revenue on the governmental funds balance sheet as a deferred inflow of resources.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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.

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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Net Position – Government-wide Financial Statements/Proprietary Funds
(Continued)***

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, 2021, restricted net position of the primary government consisted of \$ 683,276 for future capital improvements, restricted net position of the business-type activities consisted of \$ 12,180 for supporting the food program and restricted net position of the component unit consisted of \$ 1,100,413 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Fund Financial Statements (Continued)

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.

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.

Risks and Uncertainties

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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, 2021, \$ 5,941,033 of the School District's bank balance of \$ 6,439,033 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging banks trust department	<u>\$ 5,941,033</u>
--	---------------------

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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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, 2021, the School District had the following investments:

Investment	Fair Value	Credit Quality Rating
PA School District Liquid Asset Fund - PSDMAX	\$ 5,290,750	AAAm
PA School District Liquid Asset Fund - Full Flex Investment Pool	3,350,559	AAAm
PLGIT - CD's	248,000	AAAm
PLGIT/PLGIT Class	1,286,342	AAAm
PLGIT/PLGIT ARM	4,329,394	AAAm
PLGIT/PLGIT Plus-Class	3,592,272	AAAm
	<u>\$ 18,097,317</u>	

Included in cash and cash equivalents are pooled investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF-MAX) of \$ 5,290,750. 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 \$ 3,350,559 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, 2021, the School District held \$ 1,286,342 in the PLGIT-Class portfolio, \$ 4,329,394 in the PLGIT/ARM program and \$ 3,592,272 in the PLGIT/Plus-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.

Included in investments on the statement of net position are certificates of deposit (CDs) invested by PLGIT. Through PLGIT, the School District has invested \$ 248,000 in an individual CD at a financial institution, of which has a maturity greater than three months and is 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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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 15. Taxes are collected at a discount until September 15, at their face amount from September 15 until November 16, and include no penalty thereafter (2020-2021 only). These dates were changed for 2020-2021 due to COVID-19. 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, 2021:

Real estate taxes	\$ 637,126
Earned income taxes	1,230,541
Real estate transfer taxes	<u>116,645</u>
	1,984,312
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(1,271,458)</u>
Taxes estimated to be collected after sixty days, recorded as unavailable tax revenue in governmental funds	712,854
Unavailable grant revenue	<u>214,257</u>
Total unavailable revenue	<u><u>\$ 927,111</u></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, 2021, total School District property taxes of \$ 2,541,702 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, 2021:

<u>Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds		
General	\$ 199,596	\$ 2,919,184
Capital Reserve	685,033	-
Capital Projects	-	177,965
Debt Service	1,597,623	-
Proprietary Funds		
Enterprise - Food Service	-	21,631
Internal Service - Retirement Fund	<u>636,528</u>	<u>-</u>
	<u>\$ 3,118,780</u>	<u>\$ 3,118,780</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 food service fund for payroll and other expenses paid on its behalf to assist with cash flow and 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, 2021:

<u>Funds</u>	<u>Transfers in</u>	<u>Transfers out</u>
Governmental Funds		
General	\$ -	\$ 5,854,945
Capital Reserve	380,057	-
Debt Service	5,313,788	-
Proprietary Funds		
Enterprise - Food Service	36,100	-
Internal Service - Retirement Fund	<u>125,000</u>	<u>-</u>
	<u>\$ 5,854,945</u>	<u>\$ 5,854,945</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 are made to the food service fund to cover repairs and maintenance expenditures in food service operations. Transfers to the retirement fund are budgeted based upon prior actual benefits paid.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of the following as of June 30, 2021:

	General Fund/ Governmental Activities	Food Service Fund
Federal subsidies	\$ 316,740	\$ 21,306
State subsidies	<u>1,812,898</u>	<u>853</u>
	<u>\$ 2,129,638</u>	<u>\$ 22,159</u>

NOTE 7 CAPITAL ASSETS

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

	Balances June 30, 2020	Additions	Retirements	Balances June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,754,758	\$ -	\$ -	\$ 2,754,758
Construction in progress	2,718,600	1,654,263	(1,951,505)	2,421,358
Capital assets				
Site improvements	7,330,058	439,156	-	7,769,214
Buildings and building improvements	85,615,936	2,436,023	(18,579)	88,033,380
Furniture and equipment	<u>6,453,139</u>	<u>425,881</u>	<u>(223,091)</u>	<u>6,655,929</u>
	104,872,491	4,955,323	(2,193,175)	107,634,639
Accumulated depreciation	<u>(68,562,439)</u>	<u>(3,128,772)</u>	<u>233,422</u>	<u>(71,457,789)</u>
	<u>\$ 36,310,052</u>	<u>\$ 1,826,551</u>	<u>\$ (1,959,753)</u>	<u>\$ 36,176,850</u>
Business-Type Activities				
Machinery and equipment	\$ 896,577	\$ -	\$ -	\$ 896,577
Accumulated depreciation	<u>(804,597)</u>	<u>(18,198)</u>	<u>-</u>	<u>(822,795)</u>
	<u>\$ 91,980</u>	<u>\$ (18,198)</u>	<u>\$ -</u>	<u>\$ 73,782</u>

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

Regular programs	\$ 2,275,977
Administration	38,606
Operation and maintenance of plant services	473,873
Central support	300,271
Student activities	<u>40,045</u>
	<u>\$ 3,128,772</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 ACCRUED SALARIES AND BENEFITS

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

	General Fund
Accrued salaries	\$ 2,009,363
Social security	157,186
Retirement	2,930,762
	<u>\$ 5,097,311</u>

NOTE 9 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, 2021:

	Balances June 30, 2020	Additions	Reductions	Balances June 30, 2021	Current	Long-Term
General Obligation Bonds	\$ 24,190,000	\$ -	\$ (13,890,000)	\$ 10,300,000	\$ 980,000	\$ 9,320,000
General Obligation Notes	-	9,880,000	-	9,880,000	839,000	9,041,000
Capital lease	400,400	-	(174,818)	225,582	184,911	40,671
Compensated absences	1,281,377	103,898	(147,397)	1,237,878	123,788	1,114,090
	<u>\$ 25,871,777</u>	<u>\$ 9,983,898</u>	<u>\$ (14,212,215)</u>	<u>\$ 21,643,460</u>	<u>\$ 2,127,699</u>	<u>\$ 19,515,761</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 A of 2016; dated December 2, 2015; due in annual installments through September 1, 2021; bearing interest at 2.0%	\$ 975,000
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%	9,325,000
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%	<u>9,880,000</u>
	20,180,000
Bond premium (discount), net	<u>618,112</u>
	<u>\$ 20,798,112</u>
Due within one year	\$ 1,849,828
Due in more than one year	<u>18,948,284</u>
	<u>\$ 20,798,112</u>

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.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

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, 2021:

	General Obligation Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 980,000	\$ 382,400	\$ 1,362,400	\$ 839,000	\$ 113,526	\$ 952,526
2023	5,000	372,550	377,550	1,233,000	101,094	1,334,094
2024	5,000	372,450	377,450	1,254,000	86,172	1,340,172
2025	5,000	372,300	377,300	1,279,000	70,974	1,349,974
2026	5,000	372,100	377,100	1,303,000	55,482	1,358,482
2027-2031	700,000	1,830,800	2,530,800	3,972,000	71,820	4,043,820
2032-2036	1,955,000	1,530,900	3,485,900	-	-	-
2037-2041	2,385,000	1,097,900	3,482,900	-	-	-
2042-2046	2,920,000	569,000	3,489,000	-	-	-
2047-2048	1,340,000	54,200	1,394,200	-	-	-
	<u>\$ 10,300,000</u>	<u>\$ 6,954,600</u>	<u>\$ 17,254,600</u>	<u>\$ 9,880,000</u>	<u>\$ 499,068</u>	<u>\$ 10,379,068</u>

Subsequent Event

On November 30, 2021, the School District issued General Obligation Bond, Series of 2021 in the amount of \$ 9,275,000 to fund upcoming capital projects of the School District.

Capital Lease

The School District financed the purchase of Chromebooks and the phone system through lease transactions that meet the criteria of a capital lease. As of June 30, 2021, the leased assets had a gross capitalized value of \$ 600,670 and accumulated amortization of \$ 349,453, leaving a net book value of \$ 251,217 that is included in capital assets. Amortization expense of \$ 142,329 is included in depreciation expense for 2021.

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

Year Ending	
June 30	
2022	197,843
2023	42,902
	<u>240,745</u>
Amount representing interest	<u>(15,163)</u>
	<u>\$ 225,582</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

Accumulated compensated absences represent the earned vacation pay as of June 30, 2021 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 10 PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (C) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011.

Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

NOTE 10 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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.

Contributions

Member Contributions:

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

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

NOTE 10 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions (Continued)

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

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

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

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll. This is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School District recognized as revenue by the pension plan were \$ 8,042,294 for the year ended June 30, 2021. In addition, the School's contribution to the defined contribution plan was \$ 23,697 for the year ended June 30, 2021.

State Funding:

The Commonwealth of Pennsylvania generally reimburses the School District for 50-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2021, the School District recognized revenue of \$ 4,144,351 as reimbursement for its current year pension payments.

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

At June 30, 2021, the School District reported a liability of \$ 83,952,522 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, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (CONTINUED)

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

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 0.1705 percent, which was an increase of 0.0020 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$ 8,294,018.

At June 30, 2021, 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	\$ 220,000	\$ 2,012,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	3,690,000	-
Changes in proportionate share	1,189,000	560,000
Change in proportion - fund	72,495	72,495
Difference between employer contributions and proportionate share of total contributions	48,218	27,458
Contributions subsequent to the measurement date	<u>8,070,916</u>	<u>-</u>
	<u>\$ 13,290,629</u>	<u>\$ 2,671,953</u>

The \$ 8,070,916 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (282,917)
2023	400,607
2024	1,333,070
2025	<u>1,097,000</u>
Total	<u>\$ 2,547,760</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

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

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

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

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

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, 2020 as follows:

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (CONTINUED)

Discount Rate

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's proportionate share of the net pension liability	<u>\$ 103,867,000</u>	<u>\$ 83,952,522</u>	<u>\$ 67,082,000</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, 2021, the School District had \$ 2,861,123 included in accrued benefits liability of which \$ 2,192,613 is for the contractually required contribution for the second quarter of 2021 and \$ 668,510 is related to the accrued payroll liability for wages incurred as of June 30, 2021.

NOTE 11 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.

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Plan Description (Continued)

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, 2021, there were no assumed future benefit increase to participating eligible retirees.

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

PSERS (Continued)

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 196,323 for the year ended June 30, 2021.

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

School District Plan

The School District's total OPEB liability was measured as of June 30, 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, 2021, the School District reported a total OPEB liability of \$ 2,959,669.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 214,675.

PSERS

At June 30, 2021, the School District reported a liability of \$ 3,681,828 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

PSERS (Continued)

At June 30, 2021, the School District's proportion was 0.1705 percent, which was an increase of 0.0019 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$ 194,552.

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

	Total OPEB/ Net OPEB	
	Liability	OPEB Expense
School District Plan	\$ 2,959,669	\$ 214,675
PSERS	3,681,828	194,552
Total	\$ 6,641,497	\$ 409,227

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 3,039,009
Changes for the year	
Service cost	224,898
Interest	107,819
Difference between expected and actual experience	(660,551)
Changes in assumptions	350,017
Benefit payments	(101,523)
Net changes	(79,340)
Ending Balance	\$ 2,959,669

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,710,303	\$ 34,000	\$ -	\$ 34,000	\$ 1,710,303
Changes in assumptions	419,421	79,059	150,000	81,000	569,421	160,059
Net difference between projected and actual investment earnings	-	-	6,000	-	6,000	-
Changes in proportions - plan	-	-	82,000	58,000	82,000	58,000
Changes in proportionate share - governmental activities/ business-type activities	-	-	140	140	140	140
Difference between employer contributions and proportionate share of total contributions	-	-	860	4,051	860	4,051
Benefit payments/contributions subsequent to the measurement date	63,111	-	194,707	-	257,818	-
	\$ 482,532	\$ 1,789,362	\$ 467,707	\$ 143,191	\$ 950,239	\$ 1,932,553

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Total OPEB Liability (Continued)

The amount of \$ 257,818 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		Total
	Plan	PSERS	
2022	\$ (118,042)	\$ 19,182	\$ (98,860)
2023	(118,042)	18,182	(99,860)
2024	(118,042)	17,182	(100,860)
2025	(118,042)	28,182	(89,860)
2026	(118,042)	30,065	(87,977)
Thereafter	(779,731)	17,016	(762,715)
Total	<u>\$ (1,369,941)</u>	<u>\$ 129,809</u>	<u>\$ (1,240,132)</u>

Actuarial Methods and Assumptions

School District Plan

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

PSERS

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 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	1.86%	2.66% - S&P 20 year municipal bond rate.
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
Mortality	Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.	Based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	75% of employees are assumed to elect coverage at retirement. 100% of administrators and teachers are assumed to receive a one-time payment into an account.	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	5.50% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.	Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit is capped at \$ 1,200 per year.
Per Capita Claims Cost	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 45-49, \$ 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; and 60-64, \$ 12,071 for males and \$ 11,251 for females.	N/A

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 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.

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	-1.00%
US Core Fixed Income	46.5%	-0.10%
Non-US Developed Fixed	<u>3.2%</u>	-0.10%
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the OPEB liability was 1.86% and 2.66% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, a rate of 1.86% similar to the S&P 20 year municipal bond rate as of July 1, 2020 is the applicable discount rate. Under the PSERS plan's funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB's plan fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 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 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
School District Plan - Total OPEB liability	\$ 3,197,657	\$ 2,959,669	\$ 2,733,345

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
PSERS - School District's proportionate share of the net OPEB liability	\$ 4,198,000	\$ 3,681,828	\$ 3,255,000

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

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

School District Plan

	1% Decrease (4.5% decreasing to 3.0%)	Healthcare Cost Trend Rate (5.5% decreasing to 4.0%)	1% Increase (6.5% decreasing to 5.0%)
School District Plan - Total OPEB Liability	\$ 2,591,968	\$ 2,959,669	\$ 3,404,094

PSERS

	1% Decrease (Between 4% to 6.5%)	Healthcare Cost Trend Rate (Between 5% to 7.5%)	1% Increase (Between 6% to 7.5%)
PSERS - School District's proportionate share of the net OPEB liability	\$ 3,681,000	\$ 3,681,828	\$ 3,682,000

OPEB Plan Fiduciary Net Position

PSERS

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Payables to the OPEB Plan

School District Plan

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

PSERS

As of June 30, 2021, the School District had \$ 69,639 included in accrued benefits liability, of which \$ 53,367 is for the contractually required contribution for the second quarter of 2020 and \$ 16,272 is related to the accrued payroll liability for wages incurred as of June 30, 2021.

NOTE 12 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, 2021 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying 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 12 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.

Operating Leases

The School District is committed under various long term, non-cancelable operating leases for equipment. Minimum operating lease commitments for the next five years are as follows:

Year Ending June 30		
2022	\$	92,249
2023		92,249
2024		92,249
2025		32,819
	<u>\$</u>	<u>309,566</u>

Lease expenditures were \$ 92,249 for the year ended June 30, 2021.

Capital Commitments

The School District has the following capital commitments as of June 30, 2021:

	Total Estimated Costs	Total Costs Incurred	Total Costs To Be Incurred
Miscellaneous Capital Projects	<u>\$ 66,205</u>	<u>\$ 11,705</u>	<u>\$ 54,500</u>

Subsequent Event

On November 18, 2021, the School District accepted bids relating to the Susquehannock High School Renovations and Additions project. The estimated total project cost is \$ 70,383,010 which is comprised of \$ 59,700,500 of contracts with four prime contractors, \$ 2,197,475 of campus preparation projects and \$ 8,485,035 of soft costs.

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13 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' dental 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.

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, 2021:

Net position - July 1, 2020	\$ 7,014,293
Contributions and interest income	3,957,831
Minipool reimbursement	218,896
Claims paid	(5,054,597)
Stop-loss insurance	(194,815)
Minipool premium	(531,003)
Contracted consulting	(12,866)
Administrative fees	<u>(235,552)</u>
Net position - June 30, 2021	<u>\$ 5,162,187</u>

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

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 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, 2021:

	Fair Value
Money Market Funds	\$ 64,007
People's Bank - Equities	51,101
People's Bank - Fixed Income Mutual Funds	61,035
York Community Foundation	945,395
	<u>\$ 1,121,538</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, 2021, 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	\$ 51,101	Not Rated	\$ 51,101	\$ -	\$ -
Baird Ultra Short Bond CL Inst	534	A	534	-	-
Federated Hermes Total Return Bond Fund	24,770	BB	-	-	24,770
Metropolitan West Total Return Bond	25,278	BBB	-	-	25,278
Vanguard Inflation-Protected Securities Fund	6,182	AA	-	-	6,182
Wells Fargo Advantage High Yield Bond	4,271	BB	-	4,271	-
	<u>\$ 112,136</u>		<u>\$ 51,635</u>	<u>\$ 4,271</u>	<u>\$ 56,230</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 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, 2021:

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, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 51,101	\$ 51,101	\$ -	\$ -
Fixed Income Mutual Funds	61,035	61,035	-	-
York Community Foundation	945,395	-	-	945,395
Total investments by fair value category	<u>\$ 1,057,531</u>	<u>\$ 112,136</u>	<u>\$ -</u>	<u>\$ 945,395</u>

SOUTHERN YORK COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 14 SOUTHERN YORK COUNTY SCHOOL DISTRICT FOUNDATION (CONTINUED)

Net Position

The following details the net position of the Foundation as of June 30, 2021:

Restricted - expendable	
Scholarships and awards	\$ <u>123,432</u>
Restricted - nonexpendable	
Scholarships and awards	<u>976,981</u>
Unrestricted	<u>25,998</u>
Total net position	\$ <u><u>1,126,411</u></u>

Transactions Between the Primary Government and Component Unit

During the year ended, the Foundation transferred \$ 12,215 to the School District to be used to assist in funding various programs for students.

NOTE 15 RESTATEMENT

The School District made the following restatements during the year:

	Governmental Activities	Other Governmental Fund
Net position/fund balance, as originally stated - June 30, 2020	\$ (50,238,527)	\$ -
Correction of CIP balance	30,485	-
Implementation of GASB 84 for fiduciary reporting	<u>104,810</u>	<u>104,810</u>
Net position, as restated - June 30, 2020	<u>\$ (50,103,232)</u>	<u>\$ 104,810</u>
Change in net position/fund balance as originally reported - June 30, 2020	\$ 4,277,516	
Correction of CIP balance	<u>30,485</u>	
Change in net position, as restated - June 30, 2020	<u>\$ 4,308,001</u>	

REQUIRED SUPPLEMENTAL INFORMATION

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund (Unaudited)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources				
Taxes	\$ 36,610,448	\$ 36,610,448	\$ 37,843,345	\$ 1,232,897
Charges for services	50,000	175,000	134,199	(40,801)
Investment income	50,000	50,000	22,571	(27,429)
Miscellaneous revenues	286,528	158,971	76,384	(82,587)
Federal revenue from intermediary sources	785,000	785,000	868,654	83,654
State sources	18,912,248	18,914,805	18,637,326	(277,479)
Federal sources	388,153	1,154,153	986,105	(168,048)
Total Revenues	<u>57,082,377</u>	<u>57,848,377</u>	<u>58,568,584</u>	<u>720,207</u>
EXPENDITURES				
Instruction				
Regular programs	23,288,288	23,632,988	22,784,436	848,552
Special programs	8,754,831	8,713,231	7,797,897	915,334
Vocational educational programs	910,424	915,024	886,309	28,715
Other instructional programs	144,391	148,491	66,703	81,788
Total Instruction	<u>33,097,934</u>	<u>33,409,734</u>	<u>31,535,345</u>	<u>1,874,389</u>
Support services				
Pupil personnel	2,047,748	2,051,748	1,956,232	95,516
Instructional staff	2,082,754	2,070,754	1,722,304	348,450
Administration	3,614,298	3,614,298	3,487,441	126,857
Pupil personnel - nursing services	871,512	888,112	843,413	44,699
Business	1,127,870	1,133,070	1,109,560	23,510
Operation and maintenance of plant services	4,665,000	4,915,500	4,480,514	434,986
Student transportation services	2,668,930	2,668,930	2,199,276	469,654
Central	1,505,085	1,938,285	1,503,946	434,339
Other support services	16,000	16,000	15,295	705
Total Support Services	<u>18,599,197</u>	<u>19,296,697</u>	<u>17,317,981</u>	<u>1,978,716</u>
Operation of noninstructional services				
Student activities	1,086,691	1,086,691	897,982	188,709
Community services	23,667	23,667	16,697	6,970
Total Operation of Non-Instructional Services	<u>1,110,358</u>	<u>1,110,358</u>	<u>914,679</u>	<u>195,679</u>
Debt service	-	-	197,843	(197,843)
Refund of prior year revenues	-	-	3,815	(3,815)
Total Expenditures	<u>52,807,489</u>	<u>53,816,789</u>	<u>49,969,663</u>	<u>3,847,126</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	0	-
Proceeds from sale of capital assets	-	-	0	-
Transfers out	(5,474,888)	(5,474,888)	(5,854,945)	(380,057)
Budgetary reserve	(300,000)	(56,700)	-	56,700
Total Other Financing Sources (Uses)	<u>(5,774,888)</u>	<u>(5,531,588)</u>	<u>(5,854,945)</u>	<u>(323,357)</u>
Net change in fund balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	<u>2,743,976</u>	<u>\$ 4,243,976</u>
FUND BALANCES - BEGINNING			<u>11,615,050</u>	
FUND BALANCES - ENDING			<u>\$ 14,359,026</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 Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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

Effective for fiscal year 2016-2017: Investment rate of return adjusted from 7.50% to 7.25%

Inflation assumption decreased from 3.00% to 2.75%

Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00% real wage Growth and for merit of seniority increases of 2.50% to an effective average of 5.00%, comprised of inflation of 2.75% Real wage growth and for merit and seniority increases.

Mortality rates modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years from both males and females to 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. For disabled annuitants, the RP-2000 Combined Disabled Tables (males and females) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for males and females, adjusted to reflect the PSERS experience and projected using a modified version of the MP-2015 Mortality 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
2021	\$ 8,042,294	\$ 8,042,294	\$ -	\$ 24,046,267	33.45%
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%
2012	1,802,799	1,802,799	-	22,700,732	7.94%

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 224,898	\$ 201,547	\$ 263,056	\$ 251,609
Interest	107,819	83,463	125,631	92,936
Changes in benefit terms	-	293,964	-	-
Actual experience	(660,551)	-	(1,396,098)	-
Changes in assumptions	350,017	(92,236)	2,554	133,465
Benefit payments	<u>(101,523)</u>	<u>(102,420)</u>	<u>(198,912)</u>	<u>(218,860)</u>
Net change in total OPEB liability	(79,340)	384,318	(1,203,769)	259,150
Total OPEB liability - beginning	<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>\$ 2,959,669</u>	<u>\$ 3,039,009</u>	<u>\$ 2,654,691</u>	<u>\$ 3,858,460</u>
Covered employee payroll	\$ 23,116,247	\$ 23,196,053	\$ 22,487,406	\$ 21,184,503
Total OPEB liability as a percentage of covered employee payroll	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
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
2021	\$ 196,323	\$ 196,323	-	\$ 24,046,267	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, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Program Period	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2020	Revenue Recognized	Expenditures	Receivable (Unearned) at June 30, 2021	Total Passed-Through to Subrecipients
DEPARTMENT OF EDUCATION											
Passed through Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-20-0409	7/1/19-9/30/20	298,912	\$ 128,093	\$ 84,146	\$ 43,947	\$ 43,947	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-21-0409	7/1/20-9/30/21	303,249	196,377	-	261,614	261,614	65,237	-
	Title I					324,470	84,146	305,561	305,561	65,237	-
Title II - Improving Teacher Quality	I	84.367	013-20-0409	7/1/19-9/30/20	66,464	9,502	7,083	2,419	2,419	-	-
Title II - Improving Teacher Quality	I	84.367	013-21-0409	7/1/20-9/30/21	68,307	53,788	-	65,178	65,178	11,390	-
	Title II					63,290	7,083	67,597	67,597	11,390	-
Title IV - Student Support and Academic Enrichment		84.424	144-20-0409	7/1/19-9/30/20	22,777	9,762	8,777	985	985	-	-
Title IV - Student Support and Academic Enrichment		84.424	144-21-0409	7/1/20-9/30/21	22,670	14,574	-	17,940	17,940	3,366	-
	Title IV					24,336	8,777	18,925	18,925	3,366	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)		84.425D	200-20-0409	3/13/20 - 9/30/21	245,510	245,510	-	245,510	245,510	-	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)		84.425D	200-21-0409	3/13/20-9/30/23	1,119,806	-	-	205,875	205,875	205,875	-
Passed Through - Pennsylvania Commission on Crime and Delinquency											
COVID-19 School Health and Safety		84.425D	2020-ES-01-35270	3/13/20-9/30/22	86,894	68,480	-	86,313	86,313	17,833	-
						313,990	-	537,698	537,698	223,708	-
Passed through Lincoln Intermediate Unit 12											
Special Education Cluster (IDEA)											
IDEA Part B - Special Education	I	84.027	N/A	7/1/20-6/30/21	735,636	735,636	-	735,636	735,636	-	-
IDEA 619 funds - Special Education	I	84.173	N/A	7/1/20-6/30/21	5,850	5,850	-	5,850	5,850	-	-
Passed through Pennsylvania Department of Education											
COVID-19 Special Education Covid Impact Mitigation	I	84.027	252-200-409	7/1/20-9/30/21	19,558	6,519	-	19,558	19,558	13,039	-
Total Special Education Cluster						748,005	-	761,044	761,044	13,039	-
Title III	I	84.365	N/A	7/1/20-9/30/21	3,168	3,168	-	3,168	3,168	-	-
Total Department of Education						1,477,259	100,006	1,693,993	1,693,993	316,740	-
U.S. DEPARTMENT OF THE TREASURY											
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID 19 School Health and Safety Grant		21.019	2020-CS-01-33403	3/1/20-10/30/20	242,642	242,642	44,817	197,825	197,825	-	-
Total U.S. Department of the Treasury						242,642	44,817	197,825	197,825	-	-
DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
COVID 19 School Breakfast Program	I	10.553	N/A	7/1/19-6/30/20	N/A	18,689	18,689	-	-	-	-
School Breakfast Program	I	10.553	N/A	7/1/19-6/30/20	N/A	943	-	943	943	-	-
COVID 19 School Breakfast Program	I	10.553	N/A	7/1/20-6/30/21	N/A	130,967	-	138,108	138,108	7,141	-
Total School Breakfast Program						150,599	18,689	139,051	139,051	7,141	-
National School Lunch Program - cash	I	10.555	N/A	7/1/19-6/30/20	N/A	35,346	35,346	-	-	-	-
National School Lunch Program - cash	I	10.555	N/A	7/1/19-6/30/20	N/A	6,804	-	6,804	6,804	-	-
COVID 19 School Lunch Program	I	10.555	N/A	7/1/20-6/30/21	N/A	446,215	-	460,380	460,380	14,165	-
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program - commodities	I(B)	10.555	N/A	7/1/20-6/30/21	N/A	100,148	-	100,148	100,148	-	-
Total National School Lunch Program						588,513	35,346	567,332	567,332	14,165	-
Total Child Nutrition Cluster						739,112	54,035	706,383	706,383	21,306	-
Total Department of Agriculture						739,112	54,035	706,383	706,383	21,306	-
Total federal financial assistance						\$ 2,459,013	\$ 198,858	\$ 2,598,201	\$ 2,598,201	\$ 338,046	\$ -

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

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, 2021, 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, 2021.

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 may exist that have not been identified.

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.

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

Chambersburg, Pennsylvania
December 15, 2021



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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Southern York County School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern York County School District’s major federal programs for the year ended June 30, 2021. 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.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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



Chambersburg, Pennsylvania
December 15, 2021

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

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 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:

CFDA Number(s)	Name of Federal Program
10.553	Child Nutrition Cluster:
10.555	School Breakfast Program
	National School Lunch Program
21.019	Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

SOUTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

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

P.O. Box 128, Glen Rock, Pennsylvania 17327-0128

www.syc.k12 pa us

Telephone (717) 235-4811

Fax (717) 235-0863

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

Findings related to financial statements:

None reported in the June 30, 2020 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2020 Schedule of Findings and Questioned Costs.