



**Conestoga Valley  
School District  
Lancaster, Pennsylvania  
Lancaster County**

Financial Statements  
Year Ended June 30, 2021



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Philadelphia, PA 19103

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# CONESTOGA VALLEY SCHOOL DISTRICT

## CONTENTS

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INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
<i>Statement of Net Position (Deficit)</i>	17
<i>Statement of Activities</i>	18
Fund Financial Statements	
<i>Balance Sheet – Governmental Funds</i>	19
<i>Reconciliation of Governmental Funds Balance Sheet to Net Position (Deficit) of Governmental Activities on the Statement of Net Position (Deficit)</i>	20
<i>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</i>	21
<i>Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position (Deficit) of Governmental Activities on the Statement of Activities</i>	22
<i>Statement of Net Position – Proprietary Funds</i>	23
<i>Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds</i>	24
<i>Statement of Cash Flows – Proprietary Funds</i>	25
<i>Statement of Net Position – Fiduciary Funds</i>	26
<i>Statement of Changes in Net Position – Fiduciary Funds</i>	27
Notes to Financial Statements	28
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule – General Fund</i>	55
<i>Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS</i>	56
<i>Schedule of the District's Pension Plan Contributions - PSERS</i>	57
<i>Schedule of Changes in OPEB Liability – Single Employer Plan</i>	58
<i>Schedule of the District's Proportionate Share of the OPEB Liability - PSERS</i>	59
<i>Schedule of the District's OPEB Plan Contributions - PSERS</i>	60

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# CONESTOGA VALLEY SCHOOL DISTRICT

## CONTENTS

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### COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

<i>Combining Balance Sheet – Capital Projects Fund</i>	61
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund</i>	62
<i>Combining Balance Sheet – Nonmajor Governmental Funds</i>	63
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds</i>	64

### SINGLE AUDIT

<i>Schedule of Expenditures of Federal Awards</i>	65
<i>Notes to Schedule of Expenditures of Federal Awards</i>	68
<i>Summary Schedule of Prior Audit Findings</i>	69

<b>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</b>	70
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<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	72
<i>Schedule of Findings and Questioned Costs</i>	74

### SUPPLEMENTAL INFORMATION

<i>Real Estate Tax Levies and Collections</i>	75
<i>Real Estate Tax Rates</i>	76
<i>Non-Real Estate Tax Rates</i>	78
<i>Principal Taxpayers</i>	80
<i>Property Assessment Data</i>	81
<i>Enrollment Data</i>	82

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## INDEPENDENT AUDITOR'S REPORT

**Board of School Directors  
Conestoga Valley School District  
Lancaster, Pennsylvania**

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

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

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

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

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### **Change in Accounting Principle**

As described in Note 15 to the financial statements, Conestoga Valley School District adopted new accounting guidance, GASB Statement No. 84, "Fiduciary Activities". Our opinions are not modified with respect to that matter.

## **Report on Summarized Comparative Information**

We have previously audited the Conestoga Valley School District's 2020 financial statements, and our report dated October 19, 2020 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability and pension plan contributions, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the OPEB liability - PSERS and OPEB plan PSERS contributions on pages 3 through 16 and 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Conestoga Valley School District's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 not a required part of the basic financial statements.

The combining and individual fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of Conestoga Valley 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 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 Conestoga Valley School District's internal control over financial reporting and compliance.

**BBD, LLP**

**Philadelphia, Pennsylvania  
November 1, 2021**

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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Management's discussion and analysis ("**MD&A**") of the financial performance of the Conestoga Valley School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2021. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

### DISTRICT PROFILE

The District consists of four elementary schools, one middle school and one high school with a student population of approximately 3,817 students. The District is located in central Lancaster County adjacent to the City of Lancaster, Pennsylvania and covers an area approximately 54 square miles that is comprised of East Lampeter, Upper Leacock and West Earl Townships. During 2020-2021, there were 422 employees in the District consisting of 354 teachers, 24 administrators, including general administration, principals and supervisors and 44 support personnel including administrative assistants and technology staff.

The mission of the District is "To educate all students to strive for personal excellence, while becoming caring and contributing citizens in a global community."

### FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit in total net position at the close of the 2020-2021 fiscal year of \$31,671,945. During the 2020-2021 fiscal year, the District had a decrease in total net position of \$3,408,947. The net position of governmental activities decreased by \$3,732,309 and the net position of the business-type activities increased by \$323,362.
- The General Fund reported an increase of fund balance of \$234,315, bringing the cumulative balance to \$15,762,562 at the conclusion of the 2020-2021 fiscal year.
- In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As a result, the District experienced disruptions and operated under virtual, hybrid and in-person learning models during 2020-2021 as conditions permitted.
- At June 30, 2021, the General Fund fund balance includes
  - \$90,991 which is considered non-spendable
  - \$2,690,809 committed to state pension benefit costs
  - \$520,000 committed to health savings account reserves
  - \$1,836,000 committed for future debt service obligations
  - \$1,670,588 committed for COVID-19 related expenditures
  - \$2,350,000 assigned for assessment appeals and tax increment financing
  - \$460,997 committed to balance future budgets

The remaining \$6,107,177 is unassigned and represents 7.98% of the \$76,512,738 2021-2022 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.

- Actual revenues and other financing sources were \$2,614,614 or 3.61% more than budgeted amounts and actual expenditures and other financing uses were \$982,750 or 1.33% more than budgeted amounts resulting in a net positive variance of \$1,631,864.
- At the end of the current fiscal year, the District had total general obligation debt of \$100,224,687 consisting of \$87,125,000 in bonds payable, \$4,656,675 in notes payable and net deferred credits of \$8,443,012.

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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On May 13, 2021, the District issued \$34,265,000 of general obligation bonds, Series of A of 2021 and \$5,830,000 of general obligation bonds, Series B of 2021. The proceeds of the Series A of 2021 are to be used to finance various capital projects and to pay for the costs of issuance. The proceeds of the Series B of 2021 were used to fund the termination payment of the interest rate hedge related to the Series A of 2021 bonds, and to pay for the costs of issuance.

The District's general obligation debt is backed by the full faith of the District and increased by \$43,759,456 or 77.50% during the fiscal year.

- The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$97,542,491 as of June 30, 2021. The District's net pension liability increased by \$5,755,014 or 6.27% during the fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the District's activities are divided into two categories:

#### **Governmental Activities**

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation, and administration.

#### **Business-Type Activities**

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 17 and 18 of this report.

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# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

#### **Governmental Funds**

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 19 through 22 of this report.

#### **Proprietary Funds**

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on Pages 23 through 25 of this report.

#### **Fiduciary Funds**

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 26 and 27 of this report.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

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# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The notes to the financial statements can be found on Pages 28 through 54 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the District's proportionate share of the net pension liability and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability and OPEB plan contributions-PSERS, as well as additional analysis which consists of combining and individual fund financial statements.

The required supplementary information and additional analysis can be found on Pages 55 through 64 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may over time serve as a useful indicator of the District's financial condition. At the close of the 2020-2021 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$31,671,945. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2021 and 2020.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current assets	\$ 85,244,933	\$ 66,555,823	\$ 716,815	\$ 660,749	\$ 85,961,748	\$ 67,216,572
Noncurrent assets	91,243,294	68,657,464	477,119	221,380	91,720,413	68,878,844
<b>Total assets</b>	<u>176,488,227</u>	<u>135,213,287</u>	<u>1,193,934</u>	<u>882,129</u>	<u>177,682,161</u>	<u>136,095,416</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>16,180,702</u>	<u>23,333,037</u>	-	-	<u>16,180,702</u>	<u>23,333,037</u>
<b>LIABILITIES</b>						
Current liabilities	14,906,417	12,982,806	89,249	100,806	14,995,666	13,083,612
Noncurrent liabilities	207,239,752	168,649,073	-	-	207,239,752	168,649,073
<b>Total liabilities</b>	<u>222,146,169</u>	<u>181,631,879</u>	<u>89,249</u>	<u>100,806</u>	<u>222,235,418</u>	<u>181,732,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,299,390</u>	<u>6,020,871</u>	-	-	<u>3,299,390</u>	<u>6,020,871</u>
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	39,340,061	43,562,309	477,119	221,380	39,817,180	43,783,689
Restricted	3,828,938	3,841,732	-	-	3,828,938	3,841,732
Unrestricted (deficit)	(75,945,629)	(76,510,467)	627,566	559,943	(75,318,063)	(75,950,524)
<b>Total net position (deficit)</b>	<u>\$ (32,776,630)</u>	<u>\$ (29,106,426)</u>	<u>\$1,104,685</u>	<u>\$781,323</u>	<u>\$ (31,671,945)</u>	<u>\$ (28,325,103)</u>

The District's total assets as of June 30, 2021 were \$177,682,161 of which \$79,662,944 or 44.83% consisted of unrestricted cash and investments and \$91,720,413 or 51.62% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2021 were \$222,235,418 of which \$100,224,687 or 45.10% consisted of general obligation debt used to acquire and construct capital assets and \$97,542,491 or 43.89% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$75,318,063 at June 30, 2021. The District's unrestricted net position increased by \$632,461 during 2020-2021 primarily due to the current year results of operations offset by the change in the District's actuarially determined net pension and other post-employment benefit liabilities and the related deferred outflows of resources and deferred inflows of resources.

A portion of the District's net position reflects its restricted net position which totaled \$3,828,938 as of June 30, 2021. All of the District's restricted net position related to amounts restricted for capital expenditures and debt service.

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2021, the District's net investment in capital assets decreased by \$3,966,509 because the capital assets were being depreciated faster than the debt used to acquire the capital assets were being repaid.

The following table presents condensed information for the *Statement of Activities* of the District for 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 262,942	\$ 317,927	\$ 54,519	\$ 501,580	\$ 317,461	\$ 819,507
Operating grants and contributions	14,438,361	12,807,943	1,716,718	1,274,415	16,155,079	14,082,358
Capital grants and contributions	-	-	-	-	-	-
<b>General revenues</b>						
Property taxes levied for general purposes	47,773,035	46,215,256	-	-	47,773,035	46,215,256
Earned income taxes levied for general purposes	5,192,070	4,607,016	-	-	5,192,070	4,607,016
Other taxes	1,700,440	1,326,893	-	-	1,700,440	1,326,893
Grants and entitlements not restricted to specific programs	5,496,088	5,494,873	-	-	5,496,088	5,494,873
Investment earnings	226,379	1,214,961	60	6,098	226,439	1,221,059
<b>Total revenues</b>	<u>75,089,315</u>	<u>71,984,869</u>	<u>1,771,297</u>	<u>1,782,093</u>	<u>76,860,612</u>	<u>73,766,962</u>
<b>EXPENSES</b>						
Instruction	49,508,811	46,691,188	-	-	49,508,811	46,691,188
Instructional student support services	5,855,908	5,823,205	-	-	5,855,908	5,823,205
Administrative and financial support services	5,268,028	5,445,803	-	-	5,268,028	5,445,803
Operation and maintenance of plant services	5,784,311	4,645,251	-	-	5,784,311	4,645,251
Pupil transportation	2,768,160	2,326,834	-	-	2,768,160	2,326,834
Student activities	1,374,338	1,497,536	-	-	1,374,338	1,497,536
Community services	13,485	11,889	-	-	13,485	11,889
Interest, swap termination fees and amortization expense related to non-current liabilities	7,964,868	6,884,091	-	-	7,964,868	6,884,091
Food service	-	-	1,731,650	1,613,007	1,731,650	1,613,007
<b>Total expenses</b>	<u>78,537,909</u>	<u>73,325,797</u>	<u>1,731,650</u>	<u>1,613,007</u>	<u>80,269,559</u>	<u>74,938,804</u>
<b>Change in net position (deficit) before transfers</b>	(3,448,594)	(1,340,928)	39,647	169,086	(3,408,947)	(1,171,842)
Transfers	(283,715)	(53,210)	283,715	53,210	-	-
<b>CHANGE IN NET POSITION (DEFICIT)</b>	<u>\$ (3,732,309)</u>	<u>\$ (1,394,138)</u>	<u>\$ 323,362</u>	<u>\$ 222,296</u>	<u>\$ (3,408,947)</u>	<u>\$ (1,171,842)</u>

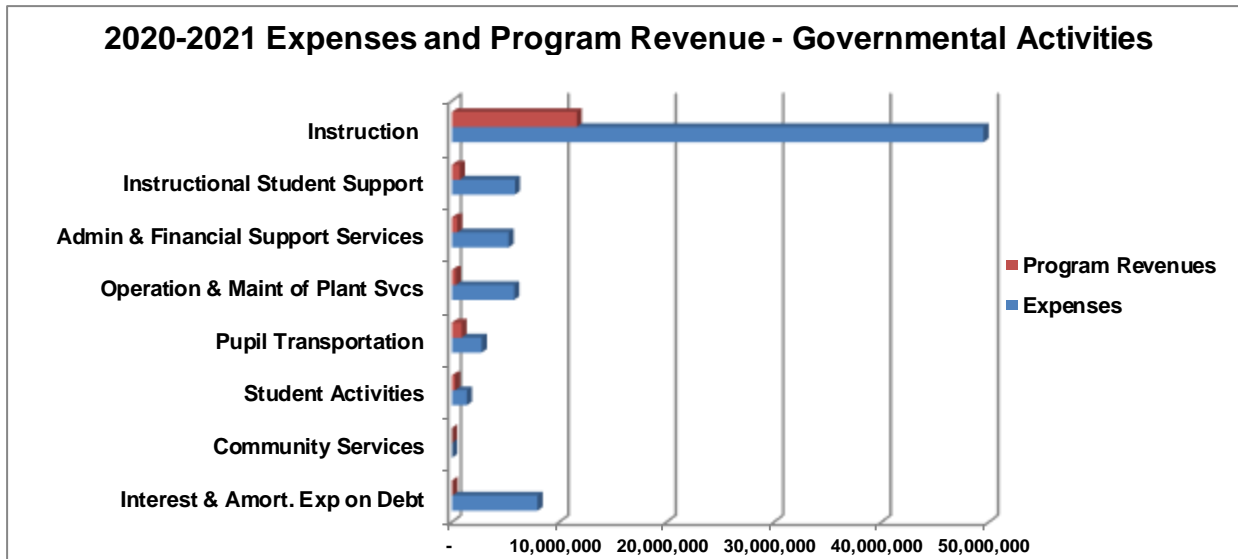
# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

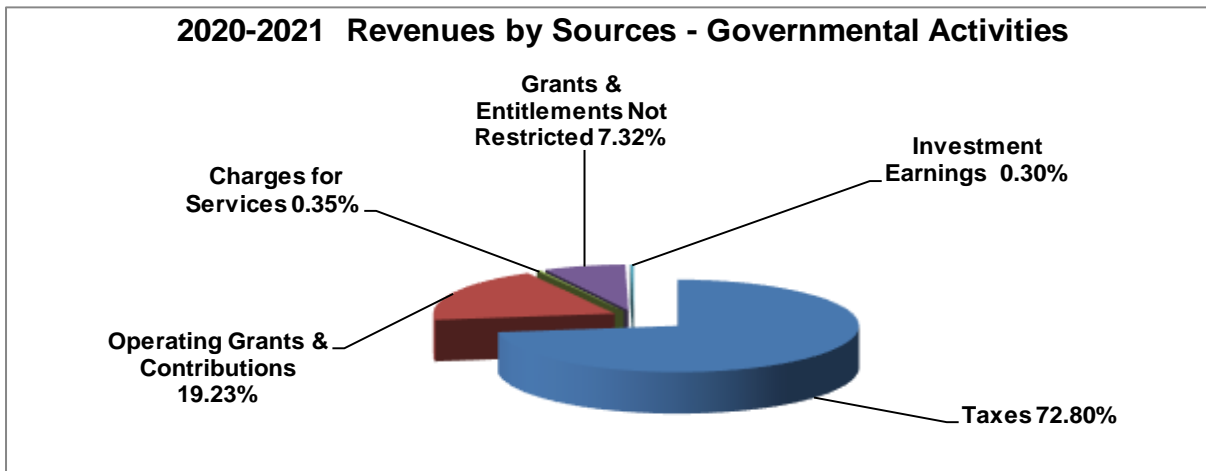
June 30, 2021

The District's net position decreased by \$3,408,947 primarily due to the payment of swap termination fees totaling \$6,480,000 and in part due to increased medical costs, pension contributions, state-mandated programs, negotiated contracts and disruptions cause by COVID-19. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. The District's property tax base is evenly distributed between residential and commercial properties, which deviates from the County average that tends to be more residential in nature. Successful property value tax assessment appeals related to commercial properties have offset gains in property tax assessments in recent years.

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated in the below graph, all of the District's governmental activities are not self-supporting and do not generate enough program revenue to cover their costs, as is typical of most traditional governmental services.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The below chart shows that the District relies on tax revenues to finance its governmental activities.



# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

### GOVERNMENTAL FUNDS

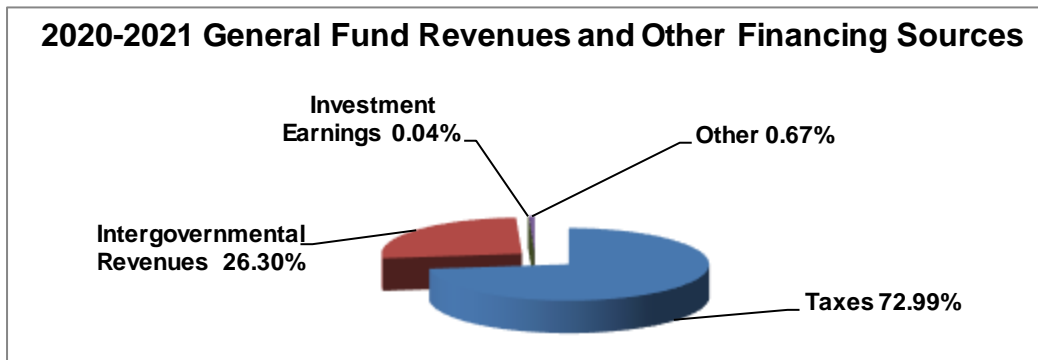
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$68,846,009 which is an increase of \$17,083,159 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2021 and 2020, and the total 2021 change in governmental fund balances.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$15,726,562	\$15,492,247	\$ 234,315
Capital Projects Fund	52,739,263	35,958,797	16,780,466
Debt Service Fund	-	13,973	(13,973)
Nonmajor Governmental Funds	<u>380,184</u>	<u>297,833</u>	<u>82,351</u>
	<u>\$68,846,009</u>	<u>\$51,762,850</u>	<u>\$17,083,159</u>

### GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2020-2021 fiscal year, the General Fund fund balance was \$15,726,562, representing an increase of \$234,315 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2020-2021 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below indicates 72.99% of General Fund revenues are derived from local taxes.



### General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$54,796,279	\$52,228,957	\$2,567,322	4.92
Intergovernmental revenues	19,745,170	18,117,342	1,627,828	8.98
Investment earnings	26,272	449,529	(423,257)	(94.16)
Other	<u>509,065</u>	<u>715,119</u>	<u>(206,054)</u>	<u>(28.81)</u>
	<u>\$75,076,786</u>	<u>\$71,510,947</u>	<u>\$3,565,839</u>	<u>4.99</u>

Net tax revenues increased by \$2,567,322, or 4.92% due to several factors. A millage increase of 2.60% in 2020-2021, tax assessment base growth and an increase in collections for earned income and two large property transfers accounted for a majority of the current year increase in tax revenues.

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

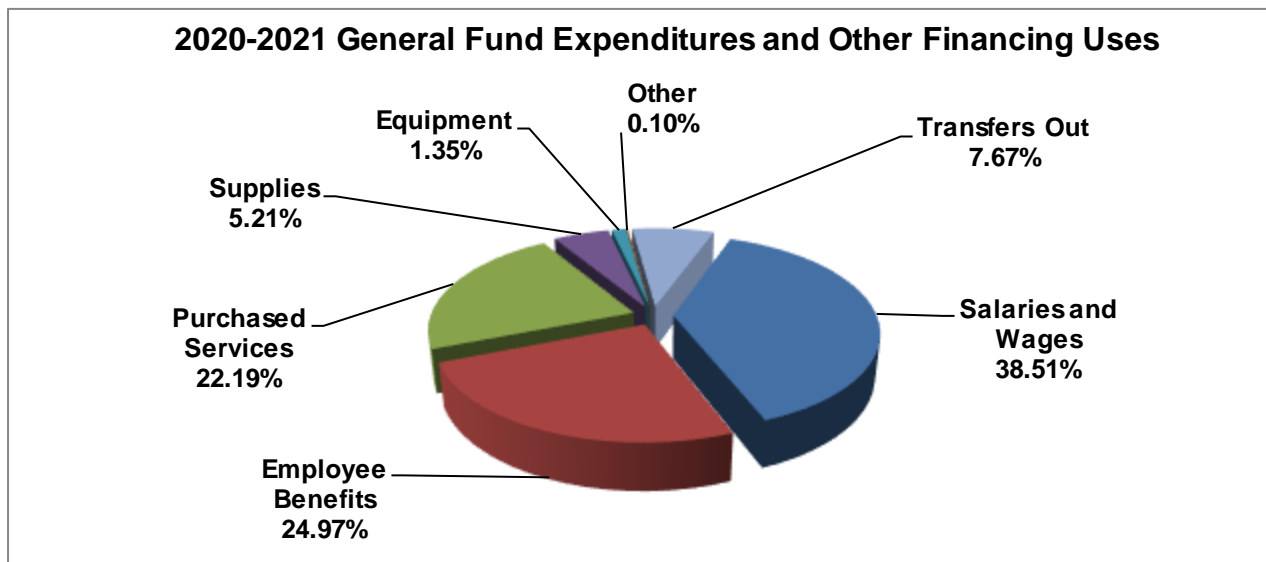
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$46,821,064	\$45,363,642	\$1,457,422	3.21
Interim tax	290,859	346,019	(55,160)	(15.94)
PURTA tax	50,203	45,319	4,884	10.78
Local services tax	252,718	267,035	(14,317)	(5.36)
Earned income tax	5,192,070	4,607,015	585,055	12.70
Transfer tax	1,206,407	684,486	521,921	76.25
Amusement tax	189,812	329,590	(139,778)	(42.41)
Delinquent real estate tax	791,847	585,388	206,459	35.27
Delinquent per capita tax	<u>1,299</u>	<u>463</u>	<u>836</u>	<u>181.17</u>
	<u>\$54,796,279</u>	<u>\$52,228,957</u>	<u>\$2,567,322</u>	<u>4.92</u>

Intergovernmental revenues increased primarily due to federal funding through the CARES Act, the purpose of which was to assist school districts in offsetting revenue decreases and support additional costs incurred resulting from the economic impact of COVID-19.

Investment earnings decreased significantly due to the lower interest rates resulting from COVID-19.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



### General Fund Expenditures and Other Financing Uses

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$28,820,386	\$27,860,588	\$ 959,798	3.45
Employee benefits	18,686,900	17,983,334	703,566	3.91
Purchased services	16,610,168	15,448,587	1,161,581	7.52
Supplies	3,895,853	2,512,957	1,382,896	55.03
Equipment	1,013,822	270,404	743,418	274.93
Other	77,888	82,110	(4,224)	(5.14)
Transfers out	<u>5,737,454</u>	<u>5,624,056</u>	<u>113,398</u>	<u>2.02</u>
	<u>\$74,842,471</u>	<u>\$69,782,036</u>	<u>\$5,060,433</u>	<u>7.25</u>

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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Salaries and wages increased by \$959,798 or 3.45% in 2020-2021 compared to 2019-2020. The scheduled salary increase within the District's negotiated collective bargaining agreement as well as increases for other staff were offset by positions that were either vacant or eliminated and savings through attrition. Additionally, five teachers were hired for a one year term to assist with and support the increased enrollment in the online learning program due to COVID-19.

Employee benefits increased by \$703,566 or 3.91% in 2020-2021 compared to 2019-2020 primarily due to an increase in healthcare cost of \$279,100 and an increase in the required annual retirement contribution to 34.51% from 34.29% from the prior year.

Purchased services increased by \$1,161,581 or 7.52%. Transportation costs increased by \$414,058 in 2020-2021 over the prior year. In 2019-2020 schools were closed by order of the Governor due to COVID-19 for approximately one-third of the year causing the District's transportation costs to be lower. The District was open during the 2020-2021 school year therefore transportation resumed the entire year. Contracted services for substitute teachers and instructional aides were also suspended due to the school closure from March 13, 2020 through the end of the school year causing a decrease of approximately \$305,000. Due to the COVID-19 pandemic, the District experienced an increase in pupil enrollment in cyber charter schools in 2020-2021. The increase in costs for the cyber tuition was \$608,193 in 2020-2021 over the 2019-2020 year.

Supplies, technology, and curriculum software increased by \$1,382,896 or 55.03%. The Conestoga Valley Virtual Academy (CVVA) which provides virtual learning to District students also experienced an increase in enrollment. The increase in the curriculum software cost to support the enrollment was \$974,500. In addition, \$200,000 of supplies and technology-related items was funded by the CARES Act.

Equipment increased by \$743,418 or 274.93%. The increase in the cost was due to purchasing additional technology equipment, funded by the CARES Act, for all students to have 1:1 devices and for teachers to be able to support online as well as in-person learning.

Transfers out in 2020-2021 and 2019-2020 represent transfers to the Capital Projects Fund and Debt Service Fund to subsidize capital expenditures and debt service maturities as they become due. During 2020-2021, transfers out increased due to an increase in transfers to the Debt Service Fund when compared to 2019-2020.

### CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2020-2021, the Capital Projects Fund reported an increase in fund balance of \$16,780,466 due to the issuance of general obligation debt and transfers from the General Fund in excess of amounts expended for capital expenditures. The remaining fund balance of \$52,739,263 as of June 30, 2021 is restricted for future capital expenditures.

### DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the District's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due.

### GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were \$2,614,614, or 3.61% more than budgeted amounts and actual expenditures and other financing uses were \$982,750, or 1.33% more than budgeted amounts resulting in a net positive variance of \$1,631,864. Major budgetary highlights for 2021-2022 were as follows:

- When preparing the 2020-2021 budget, consideration was given to the potential impact that COVID-19 would have on the economy. As such, the real estate tax collection percentage, which typically averages 98%, was decreased to 97%. The actual real estate tax collection percentage for the 2020-2021 year was 98.3% resulting in real estate tax revenues being \$642,200 higher than budget.

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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- Earned income tax revenue collection was also adjusted during the 2020-2021 budget preparation in acknowledgement of the COVID-19 pandemic. In addition to the collection adjustment, the 2019 local income tax filing deadline was extended from April 15, 2020 to July 15, 2020 and the 2020 local income tax filing deadline was extended from April 15, 2021 to May 17, 2021 which had the potential to impact the timing of the receipt of earned income tax revenue. The District's share of the earned income tax revenue was not impacted as much as expected, and collections were \$1,260,275 higher than budget.
- Realty transfer taxes were \$656,400 higher than budget due to two large property transfers during the year.
- After the 2020-2021 budget was approved, Lancaster County awarded the District \$351,333 in pass-through CARES Act funding to provide support for additional costs related to the COVID-19 pandemic such as sanitization supplies and services, personal protective supplies and online learning program enhancement.
- In August 2020, the School Board authorized the hiring of five teaching positions for one-year terms to support the online learning program for students enrolled in the Conestoga Valley Virtual Academy (CVVA). Those one-year teaching positions were not budgeted. Thus, the 2020-2021 salaries were over budget by \$334,600.
- Healthcare costs in 2020-2021 continued to increase and exceeded budget by \$249,375.
- Special education contracted services continued to increase not only due to the increased enrollment, but also the increased cost to provide those services. Over the years, the District has been able to implement various cost saving initiatives, including providing special education services within the District instead of contracting with the local intermediate unit and/or local school districts. Despite these efforts, special education contracted services exceeded budget in 2020-2021 by \$325,400.
- Contracted services for custodial and maintenance staff were lower than budget by approximately \$264,900. This was due, in part, to a labor shortage in the market and the resulting difficulty in filling positions.
- During the preparation of the 2020-2021 budget, the District was notified of an award of \$1,154,952 in federal CARES Act funding to provide support for additional costs incurred as a result of COVID-19. At that time, it was anticipated that the District would need to add school buses to accommodate social distancing and, therefore, budgeted \$502,500 of those funds in transportation. Ultimately, the District did not need to add buses during the 2020-2021 year due to a shift in the number of students attending the CVVA and the number of students being driven to school in lieu of riding the bus. Therefore, the transportation budget is \$577,400 higher than actual transportation costs.
- In addition to an increase in the number of students attending the CVVA, the enrollment in cyber charter schools increased in 2020-2021 by approximately 45 students. This increase in cyber charter school enrollment resulted in the cyber charter school tuition costs exceeding budget by \$733,700.
- Contracted services for substitute teachers and instructional aides was lower than budget by approximately \$330,900. This was due in part to a labor shortage in the market and the resulting difficulty in filling instructional aide positions as well as finding substitute teachers.
- As previously noted, there was an increase in the number of students enrolled in CVVA during the 2020-2021 year due to the COVID-19 pandemic. The addition of 400 students using the CVVA online curriculum caused the cost to provide that curriculum to exceed budget by \$939,300.
- During the preparation of the 2020-2021 budget, the District budgeted \$502,500 of the federal CARES Act funding in equipment costs to support the online learning program. Subsequent to the budget approval, the District received a grant from the Conestoga Valley Education Foundation to fund the cost of additional equipment needed. Thus, equipment expenditures exceeded budget by over \$200,000.

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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- The revenues and expenditures related to the Athletic Fund are recorded separately from the General Fund for internal reporting purposes. For financial statement purposes, the two funds are combined. The athletic expenditures are reported within the student activities function under operation of non-instructional services and the transfer from the General Fund to the Athletic Fund is netted out of the transfers out under other financing sources.

### BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2020-2021, the net position of the business-type activities and Food Service Fund increased by \$323,362. As of June 30, 2021, the business-type activities and Food Service Fund had net position of \$1,104,685.

### CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$91,720,413 net of accumulated depreciation. This investment in capital assets includes land, site improvements, buildings and improvements, and furniture and equipment including vehicles. The total increase in the District's net investment in capital assets for the current fiscal year was \$22,841,569 or 33.16%. The increase was the result of current year capital additions in excess of depreciation expense and loss on disposals.

Current year capital expenditures were \$26,225,818 and depreciation expense and loss on disposals were \$3,384,249.

Major capital additions for the current fiscal year included the following:

- New Gerald G. Huesken Middle School – construction in progress \$20,240,518
- Brownstown Elementary School renovations – construction in progress \$ 2,671,930
- Triceratops dinosaur fossil (donated) \$ 635,000

### NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$100,224,687 consisting of \$87,125,000 in bonds payable, \$4,656,675 in notes payable and net deferred credits of \$8,443,012.

On May 13, 2021, the District issued \$34,265,000 of general obligation bonds, Series of A of 2021 and \$5,830,000 of general obligation bonds, Series B of 2021. The proceeds of the Series A of 2021 are to be used to finance various capital projects and to pay for the costs of issuance. The proceeds of the Series B of 2021 were used to fund the termination payment of the interest rate hedge related to the Series A of 2021 bonds, and to pay for the costs of issuance.

The District's general obligation debt is backed by the full faith of the District and increased by \$43,759,456 or 77.50% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$162,553,862 which exceeds the District's outstanding general obligation debt as of June 30, 2021.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$97,542,491 as of June 30, 2021. The District's net pension liability decreased by \$5,755,014, or 6.27% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$7,584,241 as of June 30, 2021. The District's OPEB liability increased by \$469,037, or 6.59% during the fiscal year.

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# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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Other noncurrent liabilities consist of the District's liabilities for capital leases, accrued retirement bonuses and compensated absences which totaled \$1,888,333 as of June 30, 2021. These liabilities decreased by \$146,234, or 7.19% during the fiscal year.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

The District adopted a balanced 2021-2022 budget totaling \$76,512,738 which used \$600,000 of committed General Fund fund balance as of June 30, 2021 to balance the 2021-2022 budget and raised the real estate tax millage by 2.28%.

The current contract between the Conestoga Valley School Board and the Conestoga Valley Education Association was approved in May 2019 and expires June 2024. Under the contract, the District discontinued offering low and medium preferred provider organization ("**PPO**") plans and continued only the high-deductible health care plan. The deductibles on the plan are \$2,000 single and \$4,000 family. The plan comes with a Health Savings Account ("**H.S.A.**") to which the District will offer matching contributions of up to 30% of the deductible in the second and third years, and up to 35% of the deductible in the fourth and fifth years. Employees will also be able to reduce their premium costs by participating in an outcome-based wellness rewards program. The average salary increase of the contract is 3.18%, with increases of 3.10% in the second year and 3.00% in years three, four and five.

The District contracts with SOS of Lancaster to provide food service, custodial, maintenance and instructional aide positions. As such, the District continues to recognize annual savings in PSERS retirement and healthcare costs from outsourcing these positions.

The District considers its financial condition to be sound and believes its local community support to be very positive. Future financial condition may be challenged by significant increases in the cost of District contributions to its employees' state retirement plan (contributions are paid by the District on behalf of its participating employees). As the employer contribution rate level off, increases in the rate are not as significant, however, the rate is projected to be 38.17% in 2027-2028.

The School Board authorized the District to move forward with the planning and financing of a new middle school encompassing grades 6 through 8 and completing needed renovations to the remaining buildings. This would allow the current Smoketown Elementary population to move to the existing Gerald G. Huesken Middle School building, as well as alleviate crowding in two of the remaining elementary schools. With renovations to Brownstown Elementary School complete and construction work for the new middle school underway, the estimated total cost of the projects is becoming more clear. Bids on Brownstown Elementary School came in 8.00% over budget and bids on the new middle school were awarded in March 2020 at 15.00% over budget. The District is currently in the design phase on the next two projects – Leola elementary school and the existing Gerald G Huesken Middle School. The projects are being financed by issuing general obligation bonds; \$10,000,000 was issued in November 2018, \$40,000,000 was issued in August 2019, \$40,000,000 was issued in May 2021 and the last remaining issuance is expected to be in June 2022. As part of the District's comprehensive financial plan for District-wide renovations and construction of a new middle school facility, the Board of Directors evaluated its funding options and decided to enter into two separate cash settled swaps for the two \$40,000,000 bond issues in an effort to hedge against anticipated interest rate increases and protect the affordability of the projects. The first cash settle hedge, related to the general obligation bonds, Series of 2019, was terminated on August 1, 2019. The second hedge which was scheduled to be terminated in August, 2020 was extended and was terminated in May 2021. As current debt is paid off, the structure and timing of the new bond issues will have minimal impact on the existing level of annual debt service payments. However, the District will need to continue to make room in upcoming budgets to phase in the additional debt service that is needed to fund these borrowings.

As referenced above, the 2021-2022 budget uses \$600,000 of General Fund committed fund designated for the future state pension benefit costs and health savings account reserves. The District's use of fund balance is expected to offset projected increases in expenditures as a result of the COVID-19. The 2021-2022 budget continues to reflect the above average cyber charter tuition and curriculum software costs. However, these costs are less than 2020-2021 as the District anticipates that students will gradually return to in-person learning.

# CONESTOGA VALLEY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

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With the exception of the increase in the state retirement and basic education subsidy, support from the Commonwealth of Pennsylvania is budgeted at levels consistent with the previous year. A new basic education subsidy formula was enacted beginning with the 2016-2017 fiscal year. The purpose of this new formula is to distribute this subsidy in an equitable manner according to various student and district factors such as student enrollment, district poverty levels and provides for a local wealth adjustment and a local tax effort and capacity adjustment.

The 2021-2022 fiscal year budget was prepared in accordance with the mandates of Act 1 of 2006 ("**Act 1**"). Act 1 is likely to continue to have an effect upon the financial activity of the District in future years. The Act places an (index) cap on the percent increase that the District may raise its real estate tax millage rate without requiring approval from voters in a back-end referendum. The index for the 2020-2021 fiscal year was 2.60%, the index for 2021-2022 is 3.00% and the index for 2022-2023 will be 3.4%. Certain exceptions may be approved by the Pennsylvania Department of Education for retirement or special education costs that would permit the District to exceed this index without requiring voter approval. The available exceptions have been reduced from the ten exceptions that had been available to the District in previous years under Act 1 of 2006. In the event that the rate of increase would exceed this Act 1 index rate, including any permissible exceptions, the District would be required to place a referendum question on the primary election ballot asking the taxpayers to approve the higher millage rate increase. School districts also have the option to adopt a resolution that the final budget will not exceed the (index) percent in the real estate tax rate to be assessed on properties located in the school district. The final date for availability for public inspection for the 2022-2023 preliminary budget or for adoption of a resolution not to exceed the index will be January 18, 2022.

As referenced previously, the District was awarded \$1,154,952 in federal CARES Act funding to provide support for revenue decreases and additional costs incurred as a result of the COVID-19. This funding was included in the 2020-2021 budget as well as the related expenditures. During the preparation of the 2021-2022 budget, the District was notified that two additional federal grants were awarded in the total amount of \$13,371,048. The ESSER II grant (Elementary and Secondary School Emergency Relief) in the amount of \$4,423,529 must be spent by September 30, 2023 and the ESSER III (referred to as ARP ESSER) grant in the amount of \$8,947,519 must be spent by September 30, 2024. Each of these grants have very specific guidelines on the allowable uses of the funds as it relates to the COVID-19 pandemic. The District has developed a plan for the use of these funds over the next three fiscal years and has shared that information publicly during the 2021-2022 budget presentations. The 2021-2022 budget includes \$1,329,423 of ESSER 2 funding of which \$832,601 supplants existing expenditures and \$496,822 supplements existing expenditures. The District will be including the remaining ESSER II and ESSER III funding and expenditures in upcoming budgets.

The District maintains an AA rating (the second highest rating) from Standard & Poor's Corp., one of America's top bond credit rating agencies. Standard & Poor's comment included the following: "After strong financial performance in the past three years, the District is well-positioned to navigate the post-pandemic recovery period through its very strong available fund balance that will provide ample cushion against potential revenue losses due to any lingering financial and economic effects from the recent recession. Recent and ongoing development within the local economy continues to provide stability since property tax revenue accounts almost three-quarters of general fund revenue. S&P Global Ratings is optimistic that the recovery is beginning to accelerate, which is expected to result in additional GDP growth (see S&P Global Economics' report "Economic Outlook U.S. Q2 2021: Let The Good Times Roll," published March 24, 2021, on RatingsDirect). The stable outlook reflects our expectation that management will continue to steer the district's return to an operationally balanced budget for fiscal 2022 and beyond, thereby maintaining the very strong reserves and flexibility this provides if revenues fluctuate."

The District maintains an Aa2 rating (the third highest rating) from Moody's, one of Americas top bond credit rating agencies. Calling the Districts financial position "healthy with strong reserves and liquidity", Moody's states that the District is "best characterized by its high degree of stability". As challenges, the agency listed the expected increase in the District's debt burden as a result of forthcoming new issuances of debt.

In conclusion, the District has committed itself to financial and educational excellence for the future. The District's systems of budgeting and internal controls are well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued financial performance well into the future.

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# **CONESTOGA VALLEY SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED***

**June 30, 2021**

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### **CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Finance and Operations Officer or the Director of Finance, Conestoga Valley School District, 2110 Horseshoe Road, Lancaster, PA 17601.

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021 with summarized comparative totals for 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 60,062,681	\$ 628,067	\$ 60,690,748	\$ 19,525,349
Cash in escrow	4,692,483	-	4,692,483	-
Investments	14,279,713	-	14,279,713	40,934,870
Taxes receivable	2,011,615	-	2,011,615	1,634,056
Due from other governments	3,429,765	25,920	3,455,685	3,037,493
Internal balances	(22,642)	22,642	-	-
Other receivables	217,160	2,318	219,478	333,136
Prepaid expenses	574,158	-	574,158	1,701,649
Inventories	-	37,868	37,868	50,019
<b>Total current assets</b>	<b>85,244,933</b>	<b>716,815</b>	<b>85,961,748</b>	<b>67,216,572</b>
<b>NONCURRENT ASSETS</b>				
Capital assets, net	91,243,294	477,119	91,720,413	68,878,844
<b>Total assets</b>	<b>176,488,227</b>	<b>1,193,934</b>	<b>177,682,161</b>	<b>136,095,416</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on proportionate share of pension - PSERS	15,114,235	-	15,114,235	11,404,884
Deferred charges OPEB - single employer	544,116	-	544,116	229,177
Deferred charges on proportionate share of OPEB - PSERS	522,351	-	522,351	452,382
Accumulated decrease in fair value of hedging derivatives	-	-	-	11,246,594
<b>Total deferred outflows of resources</b>	<b>16,180,702</b>	<b>-</b>	<b>16,180,702</b>	<b>23,333,037</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	6,250,057	613	6,250,670	5,059,009
Accrued salaries, payroll withholdings and benefits	7,517,550	18,193	7,535,743	6,910,138
Accrued interest payable	904,996	-	904,996	716,445
Grants received in advance	70,239	-	70,239	129,760
Unearned revenue	163,575	70,443	234,018	268,260
<b>Total current liabilities</b>	<b>14,906,417</b>	<b>89,249</b>	<b>14,995,666</b>	<b>13,083,612</b>
<b>NONCURRENT LIABILITIES</b>				
Due within one year	3,657,657	-	3,657,657	3,210,784
Due in more than one year	203,582,095	-	203,582,095	165,438,289
<b>Total noncurrent liabilities</b>	<b>207,239,752</b>	<b>-</b>	<b>207,239,752</b>	<b>168,649,073</b>
<b>Total liabilities</b>	<b>222,146,169</b>	<b>89,249</b>	<b>222,235,418</b>	<b>181,732,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred credits on proportionate share of pension - PSERS	2,451,000	-	2,451,000	5,226,000
Deferred credits OPEB - single employer	746,390	-	746,390	660,871
Deferred credits on proportionate share of OPEB - PSERS	102,000	-	102,000	134,000
<b>Total deferred inflows of resources</b>	<b>3,299,390</b>	<b>-</b>	<b>3,299,390</b>	<b>6,020,871</b>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	39,340,061	477,119	39,817,180	43,783,689
Restricted	3,828,938	-	3,828,938	3,841,732
Unrestricted (deficit)	(75,945,629)	627,566	(75,318,063)	(75,950,524)
<b>Total net position (deficit)</b>	<b>\$ (32,776,630)</b>	<b>\$ 1,104,685</b>	<b>\$ (31,671,945)</b>	<b>\$ (28,325,103)</b>

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with summarized comparative totals for 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)				
	Expenses	Charges	Operating	Capital	Governmental Activities	Business-type Activities	Totals	
		for Services	Grants and Contributions	Grants and Contributions			2021	2020
<b>GOVERNMENTAL ACTIVITIES</b>								
Instruction	\$ 49,508,811	\$ 176,807	\$ 11,646,352	\$ -	\$ (37,685,652)	\$ -	\$ (37,685,652)	\$ (36,537,479)
Instructional student support	5,855,908	-	757,761	-	(5,098,147)	-	(5,098,147)	(5,191,837)
Administrative and financial support services	5,268,028	-	517,053	-	(4,750,975)	-	(4,750,975)	(5,031,387)
Operation and maintenance of plant services	5,784,311	28,117	329,928	-	(5,426,266)	-	(5,426,266)	(4,462,005)
Pupil transportation	2,768,160	-	896,860	-	(1,871,300)	-	(1,871,300)	(1,322,560)
Student activities	1,374,338	58,018	238,823	-	(1,077,497)	-	(1,077,497)	(1,218,806)
Community services	13,485	-	-	-	(13,485)	-	(13,485)	(11,889)
Interest, swap termination fees and amortization expense related to noncurrent liabilities	7,964,868	-	51,584	-	(7,913,284)	-	(7,913,284)	(6,423,964)
<b>Total governmental activities</b>	<b>78,537,909</b>	<b>262,942</b>	<b>14,438,361</b>	<b>-</b>	<b>(63,836,606)</b>	<b>-</b>	<b>(63,836,606)</b>	<b>(60,199,927)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Food service	1,731,650	54,519	1,716,718	-	-	39,587	39,587	162,988
<b>Total primary government</b>	<b>\$ 80,269,559</b>	<b>\$ 317,461</b>	<b>\$ 16,155,079</b>	<b>\$ -</b>	<b>(63,836,606)</b>	<b>39,587</b>	<b>(63,797,019)</b>	<b>(60,036,939)</b>
<b>GENERAL REVENUES</b>								
Property taxes levied for general purposes					47,773,035	-	47,773,035	46,215,256
Earned income taxes levied for general purposes					5,192,070	-	5,192,070	4,607,016
Other taxes					1,700,440	-	1,700,440	1,326,893
Grants and entitlements not restricted to specific programs					5,496,088	-	5,496,088	5,494,873
Investment earnings					226,379	60	226,439	1,221,059
<b>TRANSFERS</b>					<b>(283,715)</b>	<b>283,715</b>	<b>-</b>	<b>-</b>
<b>Total general revenues and transfers</b>					<b>60,104,297</b>	<b>283,775</b>	<b>60,388,072</b>	<b>58,865,097</b>
<b>CHANGE IN NET POSITION (DEFICIT)</b>					<b>(3,732,309)</b>	<b>323,362</b>	<b>(3,408,947)</b>	<b>(1,171,842)</b>
<b>NET POSITION (DEFICIT)</b>								
Beginning of year					(29,044,321)	781,323	(28,262,998)	(27,153,261)
<b>End of year</b>					<b>\$ (32,776,630)</b>	<b>\$ 1,104,685</b>	<b>\$ (31,671,945)</b>	<b>\$ (28,325,103)</b>

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021 with summarized comparative totals for 2020

	Major Funds			Nonmajor Governmental Funds	Totals	
	General Fund	Capital Projects Fund	Debt Service Fund		2021	2020
<b>ASSETS</b>						
Cash	\$ 4,857,265	\$ 52,769,995	\$ -	\$ 379,801	\$ 58,007,061	\$ 17,480,104
Cash in escrow	4,692,483	-	-	-	4,692,483	-
Investments	10,131,396	4,148,317	-	-	14,279,713	40,934,870
Taxes receivable	2,011,615	-	-	-	2,011,615	1,634,056
Due from other funds	1,020	-	-	2,275	3,295	77,440
Due from other governments	3,429,765	-	-	-	3,429,765	2,879,973
Other receivables	156,621	-	-	1,271	157,892	126,024
Prepaid items	90,991	425,964	-	-	516,955	1,664,222
<b>Total assets</b>	<b>\$ 25,371,156</b>	<b>\$ 57,344,276</b>	<b>\$ -</b>	<b>\$ 383,347</b>	<b>\$ 83,098,779</b>	<b>\$ 64,796,689</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,251,906	\$ 4,604,458	\$ -	3,163	\$ 5,859,527	\$ 4,749,183
Due to other funds	269,525	555	-	-	270,080	572,651
Accrued salaries, payroll withholdings and benefits	7,517,550	-	-	-	7,517,550	6,891,988
Grants received in advance	70,239	-	-	-	70,239	129,760
Unearned revenue	163,575	-	-	-	163,575	187,723
<b>Total liabilities</b>	<b>9,272,795</b>	<b>4,605,013</b>	<b>-</b>	<b>3,163</b>	<b>13,880,971</b>	<b>12,531,305</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - property and per capita taxes	371,799	-	-	-	371,799	502,534
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid expenses	90,991	425,964	-	-	516,955	1,664,222
Restricted for						
Capital projects	-	52,313,299	-	-	52,313,299	34,536,314
Debt service	-	-	-	-	-	13,973
Athletic facilities improvement	-	-	-	191,284	191,284	129,737
Extra-curricular activities	-	-	-	117,031	117,031	105,991
Student sponsored activities	-	-	-	71,869	71,869	62,105
Committed to						
Retirement rate stabilization	2,690,809	-	-	-	2,690,809	2,690,809
Health savings accounts	520,000	-	-	-	520,000	425,000
Future debt service obligations	1,836,000	-	-	-	1,836,000	1,836,000
To balance future budgets	460,997	-	-	-	460,997	460,997
COVID-19 related expenditures	1,670,588	-	-	-	1,670,588	2,120,588
Assigned for						
Property tax assessment appeals	2,350,000	-	-	-	2,350,000	1,900,000
Unassigned	6,107,177	-	-	-	6,107,177	5,817,114
<b>Total fund balances</b>	<b>15,726,562</b>	<b>52,739,263</b>	<b>-</b>	<b>380,184</b>	<b>68,846,009</b>	<b>51,762,850</b>
<b>Total liabilities, deferred inflows of resources fund balances</b>	<b>\$ 25,371,156</b>	<b>\$ 57,344,276</b>	<b>\$ -</b>	<b>\$ 383,347</b>	<b>\$ 83,098,779</b>	<b>\$ 64,796,689</b>

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

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<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 68,846,009</b>
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	91,243,294
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	12,881,312
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	371,799
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	2,025,704
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(207,239,752)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(904,996)</u>
<b>NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (32,776,630)</u></b>

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	Major Funds			Nonmajor Governmental Funds	Totals	
	General	Capital	Debt		2021	2020
	Fund	Projects Fund	Service Fund			
<b>REVENUES</b>						
Local sources	\$ 55,654,190	\$ 219,072	\$ -	\$ 120,013	\$ 55,993,275	\$ 54,268,577
State sources	15,155,680	-	-	-	15,155,680	15,371,955
Federal sources	4,266,916	-	-	-	4,266,916	2,684,713
<b>Total revenues</b>	<u>75,076,786</u>	<u>219,072</u>	<u>-</u>	<u>120,013</u>	<u>75,415,871</u>	<u>72,325,245</u>
<b>EXPENDITURES</b>						
Current						
Instruction	49,369,354	777,759	-	-	50,147,113	45,730,244
Support services	18,144,141	1,249,283	-	-	19,393,424	17,949,389
Operation of noninstructional services	1,576,842	-	-	37,662	1,614,504	1,552,240
Facilities acquisition, construction and improvement services	3,801	23,137,871	-	-	23,141,672	15,805,976
Debt service	-	6,480,200	4,428,494	-	10,908,694	6,485,470
<b>Total expenditures</b>	<u>69,094,138</u>	<u>31,645,113</u>	<u>4,428,494</u>	<u>37,662</u>	<u>105,205,407</u>	<u>87,523,319</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,982,648</u>	<u>(31,426,041)</u>	<u>(4,428,494)</u>	<u>82,351</u>	<u>(29,789,536)</u>	<u>(15,198,074)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Refund of prior year receipts	(10,879)	-	-	-	(10,879)	(17,666)
Sale of/compensation for capital assets	-	-	-	-	-	13,692
Issuance of debt	-	40,095,000	-	-	40,095,000	38,745,000
Issuance of debt - refunding	-	-	-	-	-	4,500,000
Payment of debt - refunding	-	-	-	-	-	(4,738,302)
Bond premiums	-	6,788,713	-	-	6,788,713	1,962,427
Proceeds from extended term financing	-	283,576	-	-	283,576	486,481
Transfers in	-	1,322,933	4,414,521	-	5,737,454	5,624,056
Transfers out	(5,737,454)	(283,715)	-	-	(6,021,169)	(5,677,266)
<b>Total other financing sources (uses)</b>	<u>(5,748,333)</u>	<u>48,206,507</u>	<u>4,414,521</u>	<u>-</u>	<u>46,872,695</u>	<u>40,898,422</u>
<b>NET CHANGE IN FUND BALANCES</b>	234,315	16,780,466	(13,973)	82,351	17,083,159	25,700,348
<b>FUND BALANCES</b>						
Beginning of year	15,492,247	35,958,797	13,973	297,833	51,762,850	26,062,502
<b>End of year</b>	<u>\$ 15,726,562</u>	<u>\$ 52,739,263</u>	<u>\$ -</u>	<u>\$ 380,184</u>	<u>\$ 68,846,009</u>	<u>\$ 51,762,850</u>

See accompanying notes



# CONESTOGA VALLEY SCHOOL DISTRICT

## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 17,083,159

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceed depreciation expense in the current period.

Capital outlay expenditures	\$ 25,926,233	
Depreciation expense	<u>(3,340,403)</u>	22,585,830

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount in the current period.

Deferred inflows of resources June 30, 2020	(502,534)	
Deferred inflows of resources June 30, 2021	<u>371,799</u>	(130,735)

The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.

(60,479)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from bonds and notes payable	(40,095,000)	
Repayment of bonds and notes payable	2,646,666	
Proceeds from extended term financing	(283,576)	
Repayment of extended term financing	455,471	
Proceeds from bonds premiums	(6,788,693)	
Amortization of discounts, premiums and deferred amounts on refunding	<u>477,571</u>	(43,587,561)

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Current year change in accrued interest payable	(188,551)	
Current year change in compensated absences	46,906	
Current year change in accrued retirement bonus	(72,567)	
Current year change in net pension liability - PSERS and deferred outflows and inflows	729,337	
Current year change in OPEB liability - single employer and deferred outflows and inflows	(138,622)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>974</u>	<u>377,477</u>

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** \$ (3,732,309)

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2021 with summarized comparative totals for 2020

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2021</u>	<u>2020</u>
	<u>Fund</u>	<u>Fund</u>		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 628,067	\$ 2,055,620	\$ 2,683,687	\$ 2,111,205
Investments	-	-	-	-
Due from other governments	25,920	-	25,920	157,520
Due from other funds	23,107	244,143	267,250	547,842
Other receivables	2,318	59,268	61,586	207,112
Prepaid expenses	-	57,203	57,203	37,427
Inventories	37,868	-	37,868	50,019
<b>Total current assets</b>	<u>717,280</u>	<u>2,416,234</u>	<u>3,133,514</u>	<u>3,111,125</u>
<b>NONCURRENT ASSETS</b>				
Capital assets, net	477,119	-	477,119	221,380
<b>Total assets</b>	<u>1,194,399</u>	<u>2,416,234</u>	<u>3,610,633</u>	<u>3,332,505</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable	613	390,530	391,143	313,681
Due to other funds	465	-	465	52,631
Accrued salaries, payroll withholdings and benefits	18,193	-	18,193	18,150
Unearned revenue	70,443	-	70,443	80,537
<b>Total liabilities</b>	<u>89,714</u>	<u>390,530</u>	<u>480,244</u>	<u>464,999</u>
<b>NET POSITION</b>				
Net investment in capital assets	477,119	-	477,119	221,380
Unrestricted	627,566	2,025,704	2,653,270	2,646,126
<b>Total net position</b>	<u>\$ 1,104,685</u>	<u>\$ 2,025,704</u>	<u>\$ 3,130,389</u>	<u>\$ 2,867,506</u>

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2021</u>	<u>2020</u>
	<u>Fund</u>	<u>Fund</u>		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 54,519	\$ 6,231,395	\$ 6,285,914	\$ 6,313,374
<b>OPERATING EXPENSES</b>				
Salaries	124,755	-	124,755	122,962
Employee benefits	66,946	5,462,311	5,529,257	5,069,377
Purchased services - food service management	641,938	-	641,938	571,487
Purchased professional and technical services	3,425	829,883	833,308	778,018
Purchased property services	27,763	-	27,763	25,875
Other purchased services	1,464	-	1,464	7,346
Supplies	830,076	-	830,076	789,997
Depreciation	28,445	-	28,445	25,756
Other	82	-	82	934
<b>Total operating expenses</b>	<u>1,724,894</u>	<u>6,292,194</u>	<u>8,017,088</u>	<u>7,391,752</u>
<b>Operating loss</b>	<u>(1,670,375)</u>	<u>(60,799)</u>	<u>(1,731,174)</u>	<u>(1,078,378)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings on investments	60	320	380	34,741
State sources	81,207	-	81,207	84,752
Federal sources	1,635,511	-	1,635,511	1,189,663
Loss on the sale of capital assets	(6,756)	-	(6,756)	-
<b>Total nonoperating revenues (expenses)</b>	<u>1,710,022</u>	<u>320</u>	<u>1,710,342</u>	<u>1,309,156</u>
<b>Change in net position before transfers</b>	39,647	(60,479)	(20,832)	230,778
<b>Transfers in</b>	<u>283,715</u>	<u>-</u>	<u>283,715</u>	<u>53,210</u>
<b>CHANGE IN NET POSITION</b>	323,362	(60,479)	262,883	283,988
<b>NET POSITION</b>				
Beginning of year	<u>781,323</u>	<u>2,086,183</u>	<u>2,867,506</u>	<u>2,583,518</u>
<b>End of year</b>	<u>\$ 1,104,685</u>	<u>\$ 2,025,704</u>	<u>\$ 3,130,389</u>	<u>\$ 2,867,506</u>

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2021 with summarized comparative totals for 2020

	Major Fund	Internal	Totals	
	Food Service Fund	Service Fund	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from charges for services	\$ 48,970	\$ -	\$ 48,970	\$ 536,107
Cash received from assessments made to other funds	-	6,674,977	6,674,977	5,178,194
Cash payments to employees for services	(191,657)	-	(191,657)	(188,518)
Cash payments for insurance claims	-	(5,403,119)	(5,403,119)	(4,968,781)
Cash payments to suppliers for goods and services	(1,429,879)	-	(1,429,879)	(1,227,790)
Cash payments for other operating expenses	-	(829,883)	(829,883)	(775,453)
<b>Net cash used for operating activities</b>	<u>(1,572,566)</u>	<u>441,975</u>	<u>(1,130,591)</u>	<u>(1,446,241)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State sources	86,218	-	86,218	80,135
Federal sources	1,623,700	-	1,623,700	934,916
<b>Net cash provided by noncapital financing activities</b>	<u>1,709,918</u>	<u>-</u>	<u>1,709,918</u>	<u>1,015,051</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(15,870)	-	(15,870)	(46,181)
Proceeds from sale of capital assets	8,645	-	8,645	-
<b>Net cash used for capital and related financing activities</b>	<u>(7,225)</u>	<u>-</u>	<u>(7,225)</u>	<u>(46,181)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Earnings on investments	60	320	380	34,741
Sale (purchase) of investments	-	-	-	1,000,000
<b>Net cash provided by investing activities</b>	<u>60</u>	<u>320</u>	<u>380</u>	<u>1,034,741</u>
<b>Net increase in cash</b>	<u>130,187</u>	<u>442,295</u>	<u>572,482</u>	<u>557,370</u>
<b>CASH</b>				
Beginning of year	<u>497,880</u>	<u>1,613,325</u>	<u>2,111,205</u>	<u>1,553,835</u>
<b>End of year</b>	<u>\$ 628,067</u>	<u>\$ 2,055,620</u>	<u>\$ 2,683,687</u>	<u>\$ 2,111,205</u>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>				
Operating loss	\$ (1,670,375)	\$ (60,799)	\$ (1,731,174)	\$ (1,078,378)
<b>Adjustments to reconcile operating loss to net cash provided by (used for) operating activities</b>				
Depreciation	28,445	-	28,445	25,756
Donated commodities used	138,402	-	138,402	125,842
(Increase) decrease in				
Due from other funds	(22,012)	302,604	280,592	(438,137)
Other receivables	4,548	140,978	145,526	(198,893)
Prepaid expenses	-	(19,776)	(19,776)	(5,483)
Inventories	12,151	-	12,151	(10,541)
Increase (decrease) in				
Accounts payable	(1,506)	78,968	77,462	39,365
Due to other funds	(52,166)	-	(52,166)	56,837
Accrued salaries, payroll withholdings and benefits	44	-	44	529
Unearned revenue	(10,097)	-	(10,097)	36,862
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (1,572,566)</u>	<u>\$ 441,975</u>	<u>\$ (1,130,591)</u>	<u>\$ (1,446,241)</u>
<b>SUPPLEMENTAL DISCLOSURE</b>				
<b>Noncash noncapital financing activity</b>				
USDA donated commodities	\$ 138,402	\$ -	\$ 138,402	\$ 125,842
<b>Noncash capital and related financing activity</b>				
Capital contribution	\$ 283,715	\$ -	\$ 283,715	\$ 53,210

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2021 with summarized comparative totals for 2020

	Private- Purpose Trust	Custodial	Totals	
			2021	2020
<b>ASSETS</b>				
Cash	\$ 192,377	\$ 117,767	\$ 310,144	\$ 295,235
Other receivables	-	3,677	3,677	11,088
<b>Total assets</b>	<u>192,377</u>	<u>121,444</u>	<u>313,821</u>	<u>306,323</u>
<b>LIABILITIES</b>				
Accounts payable	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for student activities	-	121,444	121,444	105,160
Net assets held in trust for scholarships	<u>192,127</u>	<u>-</u>	<u>192,127</u>	<u>201,163</u>
	<u>\$ 192,127</u>	<u>\$ 121,444</u>	<u>\$ 313,571</u>	<u>\$ 306,323</u>

See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended June 30, 2021

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	<u>Private- Purpose Trust</u>	<u>Custodial</u>	<u>Total</u>
<b>ADDITIONS</b>			
Receipts from student groups	\$ -	\$ 56,898	\$ 56,898
Local contributions	<u>15,546</u>	<u>-</u>	<u>15,546</u>
<b>Total additions</b>	<u>15,546</u>	<u>56,898</u>	<u>72,444</u>
<b>DEDUCTIONS</b>			
Scholarships awarded and fees paid	24,582	-	24,582
Student activities disbursements	<u>-</u>	<u>40,614</u>	<u>40,614</u>
<b>Total deductions</b>	<u>24,582</u>	<u>40,614</u>	<u>65,196</u>
<b>CHANGE IN NET POSITION</b>	(9,036)	16,284	7,248
<b>NET POSITION</b>			
Beginning of year	<u>201,163</u>	<u>105,160</u>	<u>306,323</u>
<b>End of year</b>	<u>\$ 192,127</u>	<u>\$ 121,444</u>	<u>\$ 313,571</u>

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See accompanying notes

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Conestoga Valley School District (the "**District**") operates four elementary schools, one middle school and a high school and a virtual academy to provide education and related services to the residents in the Townships of East Lampeter, Upper Leacock and West Earl. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the "**School Board**").

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("**GAAP**") as applied to governmental units. The Governmental Accounting Standards Board ("**GASB**") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### **Reporting Entity**

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

#### **Basis of Presentation**

##### **Government-Wide Financial Statements**

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

The government-wide financial statements are prepared 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 timing of related cash flow. 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 as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

### ***Fund Financial Statements***

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

### ***Governmental Funds***

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term principal, interest and other related costs.

In addition, the District reports the following nonmajor governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. These funds include the District's Athletic Facilities Improvement Fund, Extra-Curricular Fund and Student Sponsored Activity Fund.

### ***Revenue Recognition***

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

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# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### ***Expenditure Recognition***

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

### ***Proprietary Funds***

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

The Internal Service Fund is used to account for the District's self-funded health insurance program.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

### ***Fiduciary Funds***

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are , therefore not available to support the District's own programs. The District has one custodial consisting of funds held on behalf of the students.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

### **Investments**

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

### **Fair Value Measurements of Assets and Liabilities**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

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# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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**Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

### **Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Property Taxes**

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Face period
November 1 to collection	- Penalty period, 10% of gross levy
January 1	- Lien date

The County Board of Assessments determines assessed valuations of property and the Lancaster County Tax Collection Bureau bills and collects the District's property taxes. The tax on real estate for public school purposes for fiscal 2020-2021 was 14.1526 mills (\$14.15 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	- August 31
Installment Two	- October 31
Installment Three	- December 31

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

### **Unearned Revenues**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

### **Prepaid Items and Inventories**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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All inventories are valued at the lower of cost (first-in, first-out method) or market.

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$4,000 and estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: site improvements – 15 years; buildings and improvements – 20-50 years; furniture and equipment – 3-10 years.

### **Impairment of Long-Lived Assets**

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2021.

### **Compensated Absences**

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

### **Accrued Retirement Bonus**

Upon voluntary retirement, employees with qualifying years of service according to their respective employment contract are eligible to receive a lump sum retirement bonus.

### **Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing costs.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### **Fund Equity**

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

#### ***Non-spendable***

Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

#### ***Restricted***

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

#### ***Committed***

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

#### ***Assigned***

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned amounts are reviewed and approved by the Board.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

#### ***Unassigned***

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

### **Comparative Data**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Implementation of New Accounting Pronouncements

Effective July 1, 2020, the District adopted the provisions of GASB Statement No. 84 "*Fiduciary Activities*"; GASB Statement No. 90 "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*"; GASB Statement No. 93 "*Replacement of Interbank Offered Rates*"; GASB Statement No. 95, "*Postponements of Effective Dates of Certain Authoritative Guidance*" and GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*".

GASB Statement No. 84 improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result of the implementation Statement No. 84 the District reported restricted net position and changes in fiduciary net position for its Student Activities Fund for the year ended June 30, 2021. In addition, student activities that did meet the criteria to be reported as a Fiduciary Fund were reclassified as a Special Revenue Fund.

GASB Statement No. 90 improved the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defined a majority equity interest and specified that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 had no impact on the financial statements of the District for the year ended June 30, 2021.

GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 "*Accounting and Financial Reporting for Derivative Instruments*". The implementation of GASB Statement No. 93 had no impact on the District's financial statements for the year ended June 30, 2021.

GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the District postponed the implementation of GASB Statement No. 84 until year ended June 30, 2021 as described above and the implementation of GASB Statement No 87 until year ended June 30, 2022 as described below.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 had no impact on the financial statements of the District for the year ended June 30, 2021.

### **New Accounting Pronouncements**

GASB Statement No. 87, "*Leases*" will be effective for the District for the year ended June 30, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", will be effective for the District for the year ended June 30, 2022. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs includes all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

GASB Statement No. 91, "*Conduit Debt Obligations*" will be effective for the District for the year ended June 30, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, "*Omnibus 2020*" will be effective for the District for the year ended June 30, 2022. GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" will be effective for the District for the year ended June 30, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" will be effective for the District for the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

### (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### **Budgetary Information**

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

### (3) DEPOSITS AND INVESTMENTS

State statutes authorize the District to invest in U.S. Treasury bills, U.S. agencies, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, local government investment pools or mutual funds.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### Deposits

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2021, the carrying amount of the District's deposits was \$61,000,892 and the bank balance was \$61,169,499. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$250,000 was covered by federal depository insurance and \$620,645 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**") and the Pennsylvania Local Government Investment Trust ("**PLGIT**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization and are subject to an independent annual audit. As of June 30, 2021, PSDLAF and PLGIT were rated as AAA by a nationally recognized statistical rating agency.

#### Cash in Escrow

The District has entered into a development agreement with East Lampeter Township (the "**Township**") to provide financial security to the Township to guaranty that required improvements be made related to the property development associated with the new Gerald G. Huesken middle school. The development agreement required a deposit totaling \$6,747,415, which will be released to the District as the improvements are completed. The cash in escrow is in an account with a financial institution in the name of the Township and totaled \$4,692,483 as of June 30, 2021.

### Investments

At June 30, 2021, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>11 – 15</u>
PSDLAF collateralized investment pools	\$10,131,396	\$10,131,396	\$ -	\$ -	\$ -
U.S. Treasury strips	<u>4,148,317</u>	<u>4,148,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$14,279,713</u>	<u>\$14,279,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PSDLAF collateralized investment pools are fully collateralized by U.S. government agency and treasury obligations and certificates of deposit. PSDLAF collateralized investment pools and U.S. Treasury strips were valued using Level 2 inputs.

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2021.

#### Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.



# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal and state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

### (4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 2,306,905	\$ -	\$ -	\$ 2,306,905
Collections	-	635,000	-	635,000
Construction in progress	<u>17,610,359</u>	<u>23,142,059</u>	-	<u>40,752,418</u>
<b>Total capital assets not being depreciated</b>	<u>19,917,264</u>	<u>23,777,059</u>	-	<u>43,694,323</u>
Capital assets being depreciated				
Site improvements	2,318,878	110,000	-	2,428,878
Buildings and improvements	96,240,400	-	-	96,240,400
Furniture and equipment	<u>9,702,095</u>	<u>2,039,174</u>	-	<u>11,741,269</u>
<b>Total capital assets being depreciated</b>	<u>108,261,373</u>	<u>2,149,174</u>	-	<u>110,410,547</u>
Less accumulated depreciation for				
Site improvements	(1,929,132)	(40,485)	-	(1,969,617)
Buildings and improvements	(51,071,527)	(2,136,908)	-	(53,208,435)
Furniture and equipment	<u>(6,520,514)</u>	<u>(1,163,010)</u>	-	<u>(7,683,524)</u>
<b>Total accumulated depreciation</b>	<u>(59,521,173)</u>	<u>(3,340,403)</u>	-	<u>(62,861,576)</u>
<b>Total capital assets being depreciated, net</b>	<u>48,740,201</u>	<u>(1,191,230)</u>	-	<u>47,548,971</u>
<b>Governmental activities, net</b>	<u>\$ 68,657,464</u>	<u>\$22,585,829</u>	<u>\$ -</u>	<u>\$ 91,243,294</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Construction in progress	\$ 53,210	\$ -	\$ 37,953	\$ 15,257
Capital assets being depreciated				
Machinery and equipment	1,156,482	337,538	114,554	1,379,466
Less accumulated depreciation	<u>(988,312)</u>	<u>(28,445)</u>	<u>(99,153)</u>	<u>(917,604)</u>
<b>Total business-type capital assets being depreciated, net</b>	<u>168,170</u>	<u>309,093</u>	<u>15,401</u>	<u>461,862</u>
<b>Business-type activities, net</b>	<u>\$ 221,380</u>	<u>\$ 309,093</u>	<u>\$ 53,354</u>	<u>\$ 477,119</u>

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental activities</b>	
Instruction	\$2,463,142
Instructional student support	65,293
Administrative and financial support services	170,869
Operation and maintenance of plant services	529,222
Pupil transportation	13,881
Student activities	<u>97,996</u>
<b>Total depreciation expense – governmental activities</b>	<u>\$3,340,403</u>
<b>Business-type activities</b>	
Food service	<u>\$ 28,445</u>

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

As of June 30, 2021, the District had outstanding construction projects to be completed. The amounts remaining for the Brownstown Elementary School renovation project was \$555,149 and for the new Gerald G. Huesken middle school was \$33,276,744.

### (5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Food Service Fund	\$ 23,107	General Fund	\$ 23,107
Internal Service Fund	244,143	General Fund	244,143
General Fund	555	Capital Projects Fund	555
General Fund	465	Food Service Fund	465
Nonmajor Governmental Funds	<u>2,275</u>	General Fund	<u>2,275</u>
	<u>\$ 270,545</u>		<u>\$ 270,545</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

A summary of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	\$1,322,933	General Fund	\$1,322,933
Food Service Fund	283,715	Capital Projects Fund	283,715
Debt Service Fund	<u>4,414,521</u>	General Fund	<u>4,414,521</u>
	<u>\$6,021,169</u>		<u>\$6,021,169</u>

Transfers from the General Fund represent transfers to subsidize costs associated with the acquisition of capital assets, debt service requirements and food service operations.

### (6) CHANGE IN NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amount Due Within One Year</u>
<b>Governmental activities</b>					
<b>General obligation debt</b>					
Bonds payable	\$ 49,605,000	\$40,095,000	\$ 2,575,000	\$ 87,125,000	\$2,785,000
Notes payable	4,728,341	-	71,666	4,656,675	71,666
Bond premiums	<u>2,131,890</u>	<u>6,788,693</u>	<u>477,571</u>	<u>8,443,012</u>	<u>477,571</u>
<b>Total general obligation debt</b>	<u>56,465,231</u>	<u>46,883,693</u>	<u>3,124,237</u>	<u>100,224,687</u>	<u>3,334,237</u>
<b>Other noncurrent liabilities</b>					
Capital leases payable	760,766	283,576	455,471	588,871	323,420
Compensated absences	655,145	39,571	86,477	608,239	-
Accrued retirement bonuses	618,656	72,567	-	691,223	-
OPEB liability	2,942,340	624,817	256,775	3,310,382	-
Net OPEB liability - PSERS	4,172,864	100,995	-	4,273,859	-
Net pension liability – PSERS	91,787,477	5,755,014	-	97,542,491	-
Derivative instrument liability interest rate swap	<u>11,246,594</u>	<u>-</u>	<u>11,246,594</u>	<u>-</u>	<u>-</u>
<b>Total other noncurrent       liabilities</b>	<u>112,183,842</u>	<u>6,876,540</u>	<u>12,045,317</u>	<u>107,015,065</u>	<u>323,420</u>
<b>Total noncurrent liabilities</b>	<u>\$168,649,073</u>	<u>\$53,760,233</u>	<u>\$15,169,554</u>	<u>\$207,239,752</u>	<u>\$3,657,657</u>

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund.

### (7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of June 30, 2021 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
<b>General obligation bonds</b>				
Series of 2018	2.00% - 4.00%	\$ 9,695,000	02/01/2024	\$ 8,295,000
Series of 2019	1.20% - 4.00%	\$38,745,000	02/01/2044	38,735,000
Series A of 2021	1.00% - 4.00%	\$34,265,000	02/01/2044	34,265,000
Series B of 2021	1.00% - 4.00%	\$ 5,830,000	02/01/2044	<u>5,830,000</u>
<b>Total general obligation bonds</b>				<u>87,125,000</u>
<b>General obligation notes</b>				
Series of 2008	3.77% - 6.00%	\$ 1,000,000	08/21/2023	166,675
Series A of 2019	2.00%	\$ 2,365,000	01/15/2025	2,365,000
Series B of 2019	1.15% - 4.00%	\$ 2,135,000	04/01/2026	<u>2,125,000</u>
<b>Total general obligation notes</b>				<u>4,656,675</u>
<b>Total general obligation debt</b>				<u>\$91,781,675</u>

#### General Obligation Bonds, Series of 2021 A and B

On May 13, 2021, the District issued \$34,265,000 of general obligation bonds, Series of A of 2021 and \$5,830,000 of general obligation bonds, Series B of 2021. The proceeds of the Series A of 2021 are to be used to finance various capital projects and to pay for the costs of issuance. The proceeds of the Series B of 2021 were used to fund the termination payment of the interest rate hedge related to the Series A of 2021 bonds, and to pay for the costs of issuance.

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2022	\$ 2,856,666	\$ 2,759,968	\$ 5,616,634
2023	3,031,666	3,125,253	6,156,919
2024	3,138,343	3,019,415	6,157,758
2025	3,660,000	2,907,503	6,567,503
2026	2,975,000	2,814,680	5,789,680
2027-2031	16,475,000	12,484,450	28,959,450
2032-2036	19,845,000	9,106,000	28,951,000
2037-2044	<u>39,800,000</u>	<u>6,522,900</u>	<u>46,322,900</u>
	<u>\$91,781,675</u>	<u>\$42,740,169</u>	<u>\$134,521,844</u>

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (8) CAPITAL LEASES

The District has entered into long-term lease agreements for computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception dates. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of June 30, 2021 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$323,420	\$19,947	\$343,367
2023	193,634	8,341	201,975
2024	<u>71,817</u>	<u>1,948</u>	<u>73,765</u>
	<u>\$588,871</u>	<u>\$30,236</u>	<u>\$619,107</u>

### (9) PENSION PLAN

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

#### Plan Description

The Pennsylvania Public School Employees' Retirement System ("**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 PSERS include all full-time public employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

#### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 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 membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Members who joined PSERS 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 PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

#### **Employer Contributions**

The District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$9,495,235 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$97,542,491 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 PSERS' total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.1981 percent, which was an increase of 0.0019 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, the net pension liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized pension expense of \$8,800,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 255,000	\$2,338,000
Changes in assumptions	-	-
Difference between expected and actual investment earnings	4,287,000	-
Changes in proportions	1,077,000	113,000
Contributions subsequent to the measurement date	<u>9,495,235</u>	<u>-</u>
	<u>\$15,114,235</u>	<u>\$2,451,000</u>

\$9,495,235 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

2021	\$ 47,000
2022	353,000
2023	1,496,000
2024	<u>1,272,000</u>
	<u>\$3,168,000</u>

**Actuarial Assumptions**

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

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

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

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	15.00 %	5.20%
Private equity	15.00 %	7.20%
Fixed income	36.00 %	1.10%
Commodities	8.00 %	1.80%
Absolute return	10.00 %	2.50%
Infrastructure/MLPs	6.00 %	5.70%
Real estate	10.00 %	5.50%
Risk parity	8.00 %	3.30%
Cash	6.00 %	(1.00%)
Financing (LIBOR)	<u>(14.00)%</u>	<u>(0.70%)</u>
	<u>100.0 %</u>	

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

### Discount Rate

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

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

The following represents 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:

	<u>1% Decrease</u> <u>6.25%</u>	<u>Current Discount Rate</u> <u>7.25%</u>	<u>1% Increase</u> <u>8.25%</u>
District's proportionate share of the net pension liability	<u>\$120,680,672</u>	<u>\$97,542,491</u>	<u>\$77,941,219</u>

### Pension Plan Fiduciary Net Position

Detailed information about the 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](http://www.psers.state.pa.us).

## (10) OTHER POST-EMPLOYMENT BENEFITS

### Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical and dental insurance to all retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2020:

Active employees	361
Retirees and beneficiaries currently receiving benefits	22
Terminated OPEB plan members entitled to but not yet receiving benefits	<u>-</u>
Total	<u>383</u>

### Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

### OPEB Liability

The District's OPEB liability has been measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, and by rolling forward the liabilities from the July 1, 2020 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is \$3,310,382, all of which is unfunded. As of June 30, 2021, the OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2021 was as follows:

<b>Balances as of July 1, 2020</b>	<u>\$2,942,340</u>
<b>Changes for the year:</b>	
Service cost	190,331
Interest on total OPEB liability	103,581
Differences between expected and actual experience	(164,671)
Changes in assumptions	330,905
Benefit payments	<u>(92,104)</u>
<b>Net changes</b>	<u>368,042</u>
<b>Balances as of June 30, 2021</b>	<u>\$3,310,382</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$256,042. At June 30, 2021, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ -	\$526,508
Changes in assumptions	426,696	219,882
Contributions subsequent to the measurement date	<u>117,420</u>	<u>-</u>
	<u>\$544,116</u>	<u>\$746,390</u>

\$117,420 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

**Year ended June 30,**

2022	\$ (37,870)
2023	(37,870)
2024	(37,870)
2025	(37,870)
2026	(37,870)
Thereafter	<u>(130,344)</u>
	<u>\$ (319,694)</u>

**Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates**

The following presents the OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$2,952,286</u>	<u>\$3,310,382</u>	<u>\$3,731,346</u>

**Sensitivity of the OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District calculated using the discount rate of 1.86%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (0.86%) or 1 percentage point higher (2.86%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>0.86%</u>	<u>1.86%</u>	<u>2.86%</u>
OPEB Liability	<u>\$3,531,866</u>	<u>\$3,310,382</u>	<u>\$3,097,522</u>

**Actuarial Methods and Significant Assumptions**

The OPEB Liability as of June 30, 2021, was determined by rolling forward the OPEB Liability as of July 1, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate – 1.86% - Standard and Poors 20 year municipal bond rate. The discount rate changed from 3.36% to 1.86%.
- Salary growth – salary increases are composed of inflation of 2.50%, 1.00% for real wage growth and 0.00% to 2.75% for merit or seniority increases.
- Assumed healthcare cost trends – 5.50% in 2020 through 2023.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect experience and projected using a modified version of the MP-2015 mortality improvement scale.

**Cost Sharing Multiple-Employer Defined Benefit OPEB Plan**

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 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.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### Plan Description

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

### Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees

### Employer Contributions

The 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 any unfunded accrued liability. Contributions to the OPEB plan from the District were \$232,351 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$4,273,859 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 PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.1978 percent, which was a increase of 0.0016 percent from its proportion measured as of June 30, 2019. As of June 30, 2020, the net OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized OPEB expense of \$231,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 39,000	\$ -
Changes in assumptions	174,000	94,000
Difference between expected and actual investment earnings	7,000	-
Changes in proportions	70,000	8,000
Contributions subsequent to the measurement date	<u>232,351</u>	<u>-</u>
	<u>\$522,351</u>	<u>\$102,000</u>

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# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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\$232,351 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2021	\$ 28,000
2022	27,000
2023	26,000
2024	58,000
2025	32,000
Thereafter	<u>17,000</u>
	<u>\$188,000</u>

**Actuarial Assumptions**

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

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 2.66% - Standard & Poors 20 year municipal bond rate
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females and disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short term assets designed to protect the principal of the OPEB 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.

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# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance 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	50.30%	(1.00%)
US core fixed income	46.50%	(0.10%)
Non-US developed fixed	<u>3.20%</u>	(0.10%)
	<u>100.00%</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 2.66%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the Standard & Poors 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

### Sensitivity of District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2020, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$4,273,311</u>	<u>\$4,273,859</u>	<u>\$4,274,296</u>

### Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	<u>1% Decrease</u> <u>1.66%</u>	<u>Current Discount Rate</u> <u>2.66%</u>	<u>1% Increase</u> <u>3.66%</u>
District's proportionate share of the net OPEB liability	<u>\$4,872,858</u>	<u>\$4,273,859</u>	<u>\$3,777,836</u>

### **OPEB Plan Fiduciary Net Position**

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

## (11) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

### **Joint Ventures**

#### **Lancaster County Career and Technology Center**

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2020-2021 was \$939,380.

#### **Lancaster County Career and Technology Center Authority**

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2020-2021 was \$111,553.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds, Series of 2011 (the "**2011 Revenue Bonds**"), in the maximum aggregate principal amount of \$43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreement with the Authority stipulating that each school district will pay its proportionate share of the lease rentals in order to retire the 2011 Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The 2011 Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed \$10,000,000 without the participating school districts' approval. The 2011 Revenue Bonds were intended to be repaid over a period not to exceed thirty years, with gross annual debt service not to exceed \$1,985,000 and net annual debt service (after reimbursement by the Commonwealth of Pennsylvania) of \$1,330,000. On June 29, 2012, the Authority issued the first of three series in the total amount of \$9,995,000. On September 20, 2013, the Authority issued the second of three series in the total amount of \$9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of \$3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of \$11,145,000. The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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**Year ending June 30,**

2022	\$ 111,666
2023	111,229
2024	111,765
2025	110,054
2026	111,634
2027-2031	549,643
2032-2036	544,227
2037	<u>108,952</u>
	<u>\$1,759,170</u>

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

### **Jointly Governed Organizations**

#### **Lancaster-Lebanon Intermediate Unit**

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "**LLIU**"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2020-2021, the District contracted with the LLIU for special education services which totaled \$2,797,743.

#### **Lancaster-Lebanon Joint Authority**

The District and the other Lancaster and Lebanon County school districts are also participating members of the Lancaster-Lebanon Joint Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2020-2021, the District did not have any financial transactions with the Authority.

#### **Lancaster County Tax Collection Bureau**

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "**Bureau**"). Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The District contracts with the Bureau for the collection of property and earned incomes taxes. During 2020-2021, the District contracted with the Bureau for tax collection services which totaled \$138,126.

#### **Lancaster County Academy**

The Lancaster County Academy (the "**Academy**") is an alternative public school organized by the District and 7 other Lancaster County school districts to provide services in the County. Each of the participating school districts appoints one member to serve on the joint operating committee. The District is considered to have an ongoing financial responsibility to fund the operations of the Academy. During 2020-2021, the District's portion of operating expenditures for the Academy totaled \$49,960.

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# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (12) CONTINGENCIES AND COMMITMENTS

#### Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

#### Litigation

The District could be a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

### (13) RISK MANAGEMENT

#### Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party who approves and process all claims. The District was limited in liability to \$175,000 per individual and \$6,112,022 in total for self-insurance medical claims for the year ended June 30, 2021.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2021 which has been historically satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Insurance claims liability – beginning of year	\$ 311,562	\$ 271,453
Current year insurance claims and changes in estimates	6,292,194	5,778,745
Insurance claims paid	<u>(6,213,226)</u>	<u>(5,738,636)</u>
Insurance claims liability – end of year	<u>\$ 390,530</u>	<u>\$ 311,562</u>

#### Property and Liability

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the "**Pool**"), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than \$100,000 per occurrence. As of June 30, 2021, the District is not aware of any additional assessments relating to the Pool.

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### Workers' Compensation

The District and 16 participating member school districts the LLIU, and the Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the "**Fund**"), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2021, the District is not aware of any additional assessments relating to this Fund.

### Unemployment

The District administers a self-insurance program for unemployment compensation rather than contribute to the state fund. Transactions for this program are reflected in the General Fund.

### Other Risks

The District is exposed to other risks of loss, including errors and omissions. The District has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## (14) TAX INCREMENT FINANCING DISTRICT

The District, East Lampeter Township and Lancaster County (the "**taxing bodies**") have entered into a tax increment financing agreement ("**TIF agreement**") with the East Lampeter Industrial and Commercial Authority (the "**Authority**"). In conjunction with the TIF agreement, the Authority has created a tax increment financing district ("**TIF District**") in the Township of East Lampeter and prepared a project plan ("**TIF project**") which includes, among other things, transportation and related infrastructure improvements for the benefit of the TIF District. Under the TIF agreement, the District will allocate to the Authority 65% of real estate taxes resulting from an increase in the total market value of taxable real property in the TIF District as a result of changes in the assessed valuation in excess of the real estate tax assessment as determined by the Lancaster County Property Assessment Office as of June, 2017, The Authority will expend the real estate tax revenues generated by the TIF District for reasonable and necessary costs of the TIF project. The TIF District will terminate after a period of 20 years and any remaining balance after payment of all costs of the TIF project will be returned to the taxing bodies. During 2020-2021, the District paid the Authority \$134,668 under the TIF agreement.

## (15) PRIOR PERIOD RESTATEMENT

As a result of the implementation of GASB Statement No. 84 "*Fiduciary Activities*", the District made a prior period adjustment to record net position for its Custodial Fund within its fiduciary activities and to reclass student activities that do not meet the criteria of a Custodial Fund to its Student Sponsored Activity Fund, which is reported as a nonmajor governmental fund.

These prior period adjustments and its effect on net position at July 1, 2020 was an increase in Custodial Fund net position of \$105,160 and an increase in the fund balance of the Student Sponsored Activity Fund of \$62,105 . Prior to the implementation of GASB Statement No. 84, custodial fund assets equaled liabilities and did not involve measurement of results of operations.



# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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### (16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 1, 2021, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

# CONESTOGA VALLEY SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 53,018,607	\$ 53,018,607	\$ 55,654,190	\$ 2,635,583
State sources	15,704,236	15,704,236	15,155,680	(548,556)
Federal sources	3,714,329	3,714,329	4,266,916	552,587
<b>Total revenues</b>	<u>72,437,172</u>	<u>72,437,172</u>	<u>75,076,786</u>	<u>2,639,614</u>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular programs	34,523,802	34,839,639	36,198,191	(1,358,552)
Special programs	10,758,956	11,197,891	11,115,907	81,984
Vocational programs	1,261,322	1,437,322	1,336,039	101,283
Other instructional programs	241,505	200,605	172,989	27,616
Nonpublic school programs	73,648	94,648	90,676	3,972
Pre-kindergarten	437,500	456,200	455,552	648
<b>Total instruction</b>	<u>47,296,733</u>	<u>48,226,305</u>	<u>49,369,354</u>	<u>(1,143,049)</u>
<b>Support services</b>				
Pupil support services	2,702,552	2,788,252	2,771,842	16,410
Instructional staff services	2,596,203	2,402,503	2,360,691	41,812
Administrative services	2,981,111	3,038,611	3,037,741	870
Pupil health	685,317	689,917	686,804	3,113
Business services	670,141	675,487	670,424	5,063
Operation and maintenance of plant services	4,661,782	4,399,882	4,376,435	23,447
Student transportation services	3,514,046	2,900,746	2,878,640	22,106
Support services - central	1,311,878	1,323,010	1,316,625	6,385
Other support services	45,000	45,500	44,939	561
<b>Total support services</b>	<u>19,168,030</u>	<u>18,263,908</u>	<u>18,144,141</u>	<u>119,767</u>
<b>Operation of noninstructional services</b>				
Student activities	1,308,100	1,418,650	1,563,357	(144,707)
Community services	14,943	22,443	13,485	8,958
<b>Total operation of noninstructional services</b>	<u>1,323,043</u>	<u>1,441,093</u>	<u>1,576,842</u>	<u>(135,749)</u>
<b>Facilities acquisition, construction and improvement services</b>				
	-	4,500	3,801	699
<b>Debt service</b>				
	50,000	-	-	-
<b>Total expenditures</b>	<u>67,837,806</u>	<u>67,935,806</u>	<u>69,094,138</u>	<u>(1,158,332)</u>
<b>Excess (deficiencies) of revenues over (under) expenditures</b>	<u>4,599,366</u>	<u>4,501,366</u>	<u>5,982,648</u>	<u>1,481,282</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refund of prior year receipts	-	(12,000)	(10,879)	1,121
Sale of/compensation for capital assets	25,000	25,000	-	(25,000)
Transfers out	(5,871,915)	(5,911,915)	(5,737,454)	174,461
Budgetary reserve	(150,000)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(5,996,915)</u>	<u>(5,898,915)</u>	<u>(5,748,333)</u>	<u>150,582</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,397,549)</u>	<u>\$ (1,397,549)</u>	<u>234,315</u>	<u>\$ 1,631,864</u>
<b>FUND BALANCE</b>				
Beginning of year			15,492,247	
<b>End of year</b>			<u>\$ 15,726,562</u>	

**CONESTOGA VALLEY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS**

Year ended June 30

	<b>Measurement Date</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1981%	0.1962%	0.1966%	0.1932%	0.1934%	0.2134%	0.2137%
District's proportionate share of the net pension liability	\$ 97,542,491	\$ 91,787,477	\$ 94,377,761	\$ 95,418,398	\$ 95,843,000	\$ 92,434,000	\$ 84,583,000
District's covered-employee payroll	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617	\$ 25,045,713	\$ 27,455,288	\$ 25,751,265
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	351.28%	339.28%	356.43%	370.95%	382.67%	336.67%	328.46%
Plan fiduciary net position as a percentage of the total net pension liability	54.32%	55.66%	54.00%	51.84%	50.00%	54.00%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CONESTOGA VALLEY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS**

**Year ended June 30**

	<b>Measurement Date</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,495,235	\$ 8,786,299	\$ 8,342,383	\$ 7,389,722	\$ 6,153,000	\$ 5,510,000	\$ 4,257,000
Contributions in relation to the contractually required contribution	<u>\$ 9,495,235</u>	<u>\$ 8,786,299</u>	<u>\$ 8,342,383</u>	<u>\$ 7,389,722</u>	<u>\$ 6,153,000</u>	<u>\$ 5,510,000</u>	<u>\$ 4,257,000</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617	\$ 25,045,713	\$ 27,455,288	\$ 25,751,265
Contributions as a percentage of covered-employee payroll	34.20%	32.48%	31.51%	28.73%	24.57%	20.07%	16.53%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# CONESTOGA VALLEY SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 190,331	\$ 193,027	\$ 234,978	\$ 224,316
Interest on total OPEB liability	103,581	88,514	111,769	80,125
Changes of benefit terms	-	-	(91,206)	-
Differences between projected and actual experience	(164,671)	-	(500,747)	-
Changes of assumptions	330,905	(79,087)	(205,304)	178,194
Benefit payments	<u>(92,104)</u>	<u>(81,474)</u>	<u>(139,758)</u>	<u>(140,886)</u>
<b>Net change in total OPEB liability</b>	368,042	120,980	(590,268)	341,749
<b>Total OPEB liability, beginning</b>	<u>2,942,340</u>	<u>2,821,360</u>	<u>3,411,628</u>	<u>3,069,879</u>
<b>Total OPEB liability, ending</b>	<u>\$ 3,310,382</u>	<u>\$ 2,942,340</u>	<u>\$ 2,821,360</u>	<u>\$ 3,411,628</u>
<b>Fiduciary net position as a % of total OPEB liability</b>	0.00%	0.00%	0.00%	0.00%
<b>Covered payroll</b>	\$ 26,248,252	\$ 24,934,528	\$ 24,934,528	\$ 24,178,245
<b>Net OPEB liability as a % of covered payroll</b>	12.61%	11.80%	11.32%	14.11%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# CONESTOGA VALLEY SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY -PSERS

Year ended June 30

	<u>Measurement Date</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.1978%	0.1962%	0.1966%	0.1932%
District's proportionate share of the net OPEB liability	\$ 4,273,859	\$ 4,172,864	\$ 4,099,010	\$ 3,936,280
District's covered-employee payroll	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total net OPEB liability	5.69%	5.56%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# CONESTOGA VALLEY SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 232,856	\$ 224,788	\$ 219,649	\$ 168,206
Contributions in relation to the contractually required contribution	<u>\$ 232,856</u>	<u>\$ 224,788</u>	<u>\$ 219,649</u>	<u>\$ 168,206</u>
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

# CONESTOGA VALLEY SCHOOL DISTRICT

## COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND

June 30, 2021

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	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 3,828,938	\$ 48,941,057	\$ 52,769,995
Investments	-	4,148,317	4,148,317
Prepaid items	-	425,964	425,964
<b>Total assets</b>	<u>\$ 3,828,938</u>	<u>\$ 53,515,338</u>	<u>\$ 57,344,276</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 4,604,458	\$ 4,604,458
Due to other funds	-	555	555
<b>Total liabilities</b>	<u>-</u>	<u>4,605,013</u>	<u>4,605,013</u>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	-	425,964	425,964
Restricted for			
Capital projects	<u>3,828,938</u>	<u>48,484,361</u>	<u>52,313,299</u>
<b>Total fund balances</b>	<u>3,828,938</u>	<u>48,910,325</u>	<u>52,739,263</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,828,938</u>	<u>\$ 53,515,338</u>	<u>\$ 57,344,276</u>

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**CONESTOGA VALLEY SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**

Year ended June 30, 2021

	<b>Capital Reserve Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Local sources	\$ 983	\$ 218,089	\$ 219,072
<b>EXPENDITURES</b>			
Current			
Instruction	-	777,759	777,759
Support services	-	1,249,283	1,249,283
Facilities acquisition, construction and improvement services	-	23,137,871	23,137,871
Debt service	-	6,480,200	6,480,200
<b>Total expenditures</b>	<u>-</u>	<u>31,645,113</u>	<u>31,645,113</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>983</u>	<u>(31,427,024)</u>	<u>(31,426,041)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	40,095,000	40,095,000
Bond premiums	-	6,788,713	6,788,713
Proceeds from extended term financing	-	283,576	283,576
Transfers in	-	1,322,933	1,322,933
Transfers out	-	(283,715)	(283,715)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>48,206,507</u>	<u>48,206,507</u>
<b>NET CHANGE IN FUND BALANCES</b>	983	16,779,483	16,780,466
<b>FUND BALANCES</b>			
Beginning of year	<u>3,827,955</u>	<u>32,130,842</u>	<u>35,958,797</u>
<b>End of year</b>	<u>\$ 3,828,938</u>	<u>\$ 48,910,325</u>	<u>\$ 52,739,263</u>

# CONESTOGA VALLEY SCHOOL DISTRICT

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	<u>Athletic Facilities Improvement</u>	<u>Extra- Curricular Fund</u>	<u>Student Sponsored Activity Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$187,738	\$117,031	\$75,032	\$379,801
Accounts receivable	1,271	-	-	1,271
Due from other funds	<u>2,275</u>	<u>-</u>	<u>-</u>	<u>2,275</u>
<b>Total assets</b>	<u>\$191,284</u>	<u>\$117,031</u>	<u>\$75,032</u>	<u>\$383,347</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,163</u>	<u>\$ 3,163</u>
<b>FUND BALANCES</b>				
Assigned for				
Athletic facilities improvement	191,284	-	-	191,284
Extra-curricular activities	-	117,031	-	117,031
Student sponsored activities	<u>-</u>	<u>-</u>	<u>71,869</u>	<u>71,869</u>
<b>Total fund balances</b>	<u>191,284</u>	<u>117,031</u>	<u>71,869</u>	<u>380,184</u>
<b>Total liabilities and fund balances</b>	<u>\$191,284</u>	<u>\$117,031</u>	<u>\$75,032</u>	<u>\$383,347</u>

# CONESTOGA VALLEY SCHOOL DISTRICT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2021

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	<u>Athletic Facilities Improvement</u>	<u>Extra- Curricular Fund</u>	<u>Student Sponsored Activity Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Local sources	<u>\$ 85,496</u>	<u>\$ 11,040</u>	<u>\$ 23,477</u>	<u>\$ 120,013</u>
<b>EXPENDITURES</b>				
Current				
Operation of noninstructional services	<u>23,949</u>	<u>-</u>	<u>13,713</u>	<u>37,662</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND NET CHANGE IN FUND BALANCES</b>	<u>61,547</u>	<u>11,040</u>	<u>9,764</u>	<u>82,351</u>
<b>FUND BALANCES</b>				
Beginning of year	<u>129,737</u>	<u>105,991</u>	<u>62,105</u>	<u>297,833</u>
<b>End of year</b>	<u>\$ 191,284</u>	<u>\$ 117,031</u>	<u>\$ 71,869</u>	<u>\$ 380,184</u>

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**SINGLE AUDIT**

# CONESTOGA VALLEY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

65

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Education</b>											
<b>Passed-Through the Pennsylvania Department of Education</b>											
Title I - Improving Basic Programs	I	84.010	013-210096	07/01/20-09/30/21	\$ 1,211,562	\$ 971,120	\$ -	\$ 1,189,916	\$ 1,189,916	218,796	\$ -
Title I - Improving Basic Programs	I	84.010	013-200096	08/02/19-09/30/21	1,419,818	303,688	282,772	19,381	19,381	(1,535)	-
Title I - Improving Basic Programs	I	84.010	013-190096	07/24/18-09/30/21	1,496,543	-	(9,655)	9,655	9,655	-	-
Total CFDA #84.010						1,274,808	273,117	1,218,952	1,218,952	217,261	-
Title II - Improving Teacher Quality	I	84.367	020-210096	07/01/20-09/30/21	160,710	129,134	-	136,672	136,672	7,538	-
Title II - Improving Teacher Quality	I	84.367	020-200096	08/02/19-09/30/21	205,464	44,291	12,551	23,033	23,033	(8,707)	-
Title II - Improving Teacher Quality	I	84.367	020-190096	07/24/18-09/30/21	233,254	-	(438)	438	438	-	-
Total CFDA #84.367						173,425	12,113	160,143	160,143	(1,169)	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-210096	07/01/20-09/30/21	45,548	21,256	-	25,191	25,191	3,935	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-200096	08/02/19-09/30/21	42,806	15,288	(6,369)	21,657	21,657	-	-
Total CFDA #84.365						36,544	(6,369)	46,848	46,848	3,935	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-210096	07/01/20-09/30/21	106,643	63,986	-	67,450	67,450	3,464	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-200096	08/02/19-09/30/20	112,007	32,002	(9,950)	41,952	41,952	-	-
Total CFDA #84.424						95,988	(9,950)	109,402	109,402	3,464	-
COVID-19 SEIM	I	84.425	252-200096	03/13/20-09/30/21	34,046	19,711	-	34,046	34,046	14,335	-
CARES Act - ESSER Fund Local	I	84.425	200-200096	03/13/20-09/30/21	1,154,952	790,230	-	1,145,222	1,145,222	354,992	-
<b>Passed-Through the Pennsylvania Commission on Crime and Delinquency</b>											
COVID-19 ESSER School Health & Safety Grants	I	84.425	2020-ES-01-35410	03/13/20-09/30/22	122,277	75,597	-	77,189	77,189	1,592	-
Total CFDA #84.425						885,538	-	1,256,457	1,256,457	370,919	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<b>Passed Through the Lancaster-Lebanon I.U.</b>											
I.D.E.A. - Part B, Section 611	I	84.027	062-200013	07/01/20-09/30/21	761,916	172,030	-	761,916	761,916	589,886	-
I.D.E.A. - Part B, Section 611	I	84.027	062-190013	07/01/19-09/30/20	731,987	512,175	512,175	-	-	-	-
Total CFDA #84.027						684,205	512,175	761,916	761,916	589,886	-
I.D.E.A. - Part B, Section 619	I	84.173	131-200013	07/01/20-09/30/21	5,850	-	-	5,850	5,850	5,850	-
I.D.E.A. - Part B, Section 619	I	84.173	131-190013	07/01/19-09/30/20	4,301	4,301	4,301	-	-	-	-
Total CFDA #84.173						4,301	4,301	5,850	5,850	5,850	-
<b>Total U.S. Department of Education</b>						<b>3,154,809</b>	<b>785,387</b>	<b>3,559,568</b>	<b>3,559,568</b>	<b>1,190,146</b>	<b>-</b>
<b>U.S. Department of Commerce</b>											
<b>Passed-Through the Chesapeake Bay Trust</b>											
Chesapeake Bay Studies	I	11.457	N/A	09/24/20-06/30/22	126,000	36,000	(41,275)	26,275	26,275	(51,000)	-
<b>U.S. Department of the Treasury</b>											
<b>Passed-Through the Pennsylvania Commission on Crime and Delinquency</b>											
COVID-19 Relief Fund	I	21.019	2020-CS-01-33933	03/01/20-10/30/20	285,921	285,921	81,609	204,312	204,312	-	-
<b>Passed-Through the Pennsylvania Department of Education</b>											
COVID-19 Relief Fund (PreK and HSSAP)	I	21.019	161-190167	03/01/20-11/30/20	14,300	14,242	-	14,242	14,242	-	-
<b>Passed-Through the County of Lancaster</b>											
COVID-19 Relief Fund	I	21.019	N/A	03/01/20-1/30/20	351,333	351,333	-	351,333	351,333	-	-
Total CFDA #21.019						651,496	81,609	569,887	569,887	-	-
<b>Total U.S. Department of the Treasury</b>						<b>651,496</b>	<b>81,609</b>	<b>569,887</b>	<b>569,887</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>											
<b>Passed Through the Pennsylvania Department of Public Welfare</b>											
Medical Assistance Program	I	93.778	N/A	07/01/20-06/30/21	N/A	1,948	-	1,948	1,948	-	-
Medical Assistance Program	I	93.778	N/A	07/01/19-06/30/20	N/A	2,699	2,699	-	-	-	-
						4,647	2,699	1,948	1,948	-	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Agriculture</b>											
<b>Passed-Through the Pennsylvania Department of Education</b>											
Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	343,011	-	345,325	345,325	2,314	-
Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	<u>48,559</u>	<u>48,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total CFDA #10.553						<u>391,570</u>	<u>48,559</u>	<u>345,325</u>	<u>345,325</u>	<u>2,314</u>	<u>-</u>
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	1,151,784	-	1,151,784	1,151,784	-	-
National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	<u>80,346</u>	<u>80,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Passed-Through the Pennsylvania Department of Agriculture</b>											
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	a) <u>131,409</u>	b) <u>(23,636)</u>	c) <u>138,402</u>	<u>138,402</u>	d) <u>(16,643)</u>	<u>-</u>
Total CFDA #10.555						<u>1,363,539</u>	<u>56,710</u>	<u>1,290,186</u>	<u>1,290,186</u>	<u>(16,643)</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>						<u>1,755,109</u>	<u>105,269</u>	<u>1,635,511</u>	<u>1,635,511</u>	<u>(14,329)</u>	<u>-</u>
<b>Total Federal Awards</b>						<u>\$ 5,602,061</u>	<u>\$ 933,689</u>	<u>\$ 5,793,189</u>	<u>\$ 5,793,189</u>	<u>\$ 1,124,817</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						<u>\$ 688,506</u>	<u>\$ 516,476</u>	<u>\$ 767,766</u>	<u>\$ 767,766</u>	<u>\$ 595,736</u>	<u>\$ -</u>
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						<u>\$ 1,755,109</u>	<u>\$ 105,269</u>	<u>\$ 1,635,511</u>	<u>\$ 1,635,511</u>	<u>\$ (14,329)</u>	<u>\$ -</u>

-67-

**Footnotes**

- a) Total amount of commodities received
- b) Beginning inventory July 1
- c) Total amount of commodities used
- d) Ending inventory June 30

**Source Codes**

- D - Direct Funding
- I - Indirect Funding
- S - State Funding
- CFDA - Catalog of Federal Domestic Assistance

# CONESTOGA VALLEY SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

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### (1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

### (2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

### (3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under CFDA #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2020-2021 fiscal year.

### (4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2021 was \$109,238.

### (5) INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District's Federal awards for the year ended June 30, 2021.

**CONESTOGA VALLEY SCHOOL DISTRICT**

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

**Year ended June 30, 2021**

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There were no audit findings for the year ended June 30, 2020.



**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 School Directors  
Conestoga Valley School District  
Lancaster, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Conestoga Valley School District, Lancaster, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Conestoga Valley School District's basic financial statements, and have issued our report thereon dated November 1, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Conestoga Valley School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Conestoga Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Conestoga Valley School District's internal control.

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

**BBD, LLP**

**Philadelphia, Pennsylvania  
November 1, 2021**



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

**Board of School Directors  
Conestoga Valley School District  
Lancaster, Pennsylvania**

***Report on Compliance for Each Major Federal Program***

We have audited Conestoga Valley 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 Conestoga Valley School District's major federal programs for the year ended June 30, 2021. Conestoga Valley 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Conestoga Valley 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* (CFR) 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 Conestoga Valley 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 Conestoga Valley School District's compliance.

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

In our opinion, Conestoga Valley 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 Conestoga Valley 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 Conestoga Valley 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 Conestoga Valley School District's internal control over compliance.

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

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

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

**BBD, LLP**

**Philadelphia, Pennsylvania  
November 1, 2021**

# CONESTOGA VALLEY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

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### SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Conestoga Valley School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Conestoga Valley School District are reported in the 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.
3. No instances of noncompliance material to the financial statements of Conestoga Valley School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Conestoga Valley School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as a major program were:
  - Special Education Cluster:
    - I.D.E.A. – Part B, Section 611 – CFDA Number 84.027
    - I.D.E.A. – Part B, Section 619 – CFDA Number 84.173
  - Educational and Secondary School Emergency Relief Fund – CFDA Number 84.425
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Conestoga Valley School District did qualify as a low-risk auditee.

### FINDINGS—FINANCIAL STATEMENT AUDIT

None

### FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



**SUPPLEMENTAL INFORMATION**

# CONESTOGA VALLEY SCHOOL DISTRICT

## REAL ESTATE TAX LEVIES AND COLLECTIONS

Last ten fiscal years ending June 30

<u>School Year</u>	<u>Assessed Value</u>	<u>Base Millage</u>	<u>Gross Tax Levy</u>	<u>Act 1 Property Tax Reduction Allocation</u>	<u>Gross Adjusted Tax Levy</u>	<u>Current Collections Amount</u>	<u>Current Year Collections As a Percentage of Adjusted Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections Amount</u>	<u>Total Collection As a Percentage</u>
2011-2012	2,695,981,800	14.0480	37,873,152	701,556	37,171,596	35,955,120	96.73%	729,237	36,684,357	98.69%
2012-2013	2,686,564,500	14.2865	38,381,604	701,124	37,680,480	36,456,439	96.75%	704,980	37,161,419	98.62%
2013-2014	2,692,060,600	14.5280	39,110,256	697,346	38,412,910	37,244,744	96.96%	697,562	37,942,306	98.77%
2014-2015	2,681,997,700	14.8330	39,782,072	699,065	39,083,007	37,842,885	96.83%	717,398	38,560,283	98.66%
2015-2016	2,688,355,900	15.2064	40,880,215	700,553	40,179,662	39,129,793	97.39%	630,670	39,760,463	98.96%
2016-2017	2,706,397,200	15.9240	43,096,669	701,315	42,395,354	41,272,962	97.35%	534,577	41,807,539	98.61%
2017-2018	2,718,332,800	16.3220	44,368,628	707,426	43,661,202	42,346,972	96.99%	674,669	43,021,641	98.54%
2018-2019	3,467,500,300	13.3940	46,443,699	706,526	45,737,173	44,381,363	97.04%	663,179	45,044,542	98.49%
2019-2020	3,444,267,500	13.7940	47,510,226	708,652	46,801,574	45,363,642	96.93%	585,388	45,949,030	98.18%
2020-2021	3,467,515,900	14.1526	49,074,366	710,016	48,364,350	46,820,764	96.81%	791,847	47,612,611	98.45%
2021-2022	3,472,515,800	14.4739	50,260,846	708,652	49,552,194	N/A	N/A	N/A	N/A	N/A

# CONESTOGA VALLEY SCHOOL DISTRICT

## REAL ESTATE TAX RATES (Mills)

Last ten and current fiscal years ending June 30

<u>Municipality</u>	<u>2011-2012 School District</u>	<u>2011 Municipal</u>	<u>2011 County</u>
East Lampeter Township	14.0480	1.462	3.416
Upper Leacock Township	14.0480	1.300	3.416
West Earl Township	14.0480	1.390	3.416

<u>Municipality</u>	<u>2012-2013 School District</u>	<u>2012 Municipal</u>	<u>2012 County</u>
East Lampeter Township	14.2865	1.600	3.416
Upper Leacock Township	14.2865	1.500	3.416
West Earl Township	14.2865	1.590	3.416

<u>Municipality</u>	<u>2013-2014 School District</u>	<u>2013 Municipal</u>	<u>2013 County</u>
East Lampeter Township	14.528	1.600	3.735
Upper Leacock Township	14.528	1.700	3.735
West Earl Township	14.528	1.590	3.735

<u>Municipality</u>	<u>2014-2015 School District</u>	<u>2014 Municipal</u>	<u>2014 County</u>
East Lampeter Township	14.833	1.600	3.735
Upper Leacock Township	14.833	1.700	3.735
West Earl Township	14.833	1.590	3.735

<u>Municipality</u>	<u>2015-2016 School District</u>	<u>2015 Municipal</u>	<u>2015 County</u>
East Lampeter Township	15.2064	1.600	3.735
Upper Leacock Township	15.2064	1.700	3.735
West Earl Township	15.2064	1.590	3.735

<u>Municipality</u>	<u>2016-2017 School District</u>	<u>2016 Municipal</u>	<u>2016 County</u>
East Lampeter Township	15.9240	1.730	3.735
Upper Leacock Township	15.9240	1.700	3.735
West Earl Township	15.9240	1.590	3.735

# CONESTOGA VALLEY SCHOOL DISTRICT

## NON-REAL ESTATE TAX RATES

Last ten fiscal years ending June 30

2012 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2013 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2014 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2015 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2016 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2017 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

# CONESTOGA VALLEY SCHOOL DISTRICT

## NON-REAL ESTATE TAX RATES (Continued)

Last ten fiscal years ending June 30

2018 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2019 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2020 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

2021 Municipality	Realty Transfer Tax		Earned Income Tax		Local Services		Amusement Tax	
	Municipal	School	Municipal	School	Municipal	School	Municipal	School
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

# CONESTOGA VALLEY SCHOOL DISTRICT

## PRINCIPAL TAXPAYERS

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<u>Taxpayer</u>	<u>Assessed Valuation</u>
High Properties	\$ 315,490,500
Dart Container Corp of PA	54,094,900
Tanger Properties Limited Prtn	38,802,000
NH Real Estate	33,622,200
TKG Mill Creek Shopping Center	31,833,800
East Lampeter Asso	15,886,100
Calumet Enterprises LLC	15,586,700
Cedar Acres East	15,035,400
Fairmount Homes	14,599,200
LSC Communications US LLC/Donnelly	<u>13,159,400</u>
	<u>\$ 548,110,200</u>
Total Taxable Assessed Value	<u>\$ 3,472,515,800</u>

10 Largest as a Percentage of Total Assessment 15.78%

Above assessment values are based upon July 1, 2021 values.

(1) On August 25, 2021, Dart Container appealed the assessed value of two of their properties with the Lancaster County Assessment Office. The original 2021 assessed value of those properties was \$54,094,900. The results of the appeal is still pending.

(2) On September 1, 2021, High Properties appealed the assessed value of two of their High Hotel properties with the Lancaster County Assessment Office. The original 2021 assessed value of those properties was \$12,005,400. The results of the appeal is still pending

# CONESTOGA VALLEY SCHOOL DISTRICT

## REAL ESTATE TAX RATES (Mills) (Continued)

Last ten and current fiscal years ending June 30

<u>Municipality</u>	<u>2017-2018 School District</u>	<u>2017 Municipal</u>	<u>2017 County</u>
East Lampeter Township	16.3220	1.990	3.735
Upper Leacock Township	16.3220	2.000	3.735
West Earl Township	16.3220	1.590	3.735

<u>Municipality</u>	<u>2018-2019 School District</u>	<u>2018 Municipal</u>	<u>2018 County</u>
East Lampeter Township	13.3940	1.750	2.910
Upper Leacock Township	13.3940	1.695	2.910
West Earl Township	13.3940	1.267	2.910

<u>Municipality</u>	<u>2019-2020 School District</u>	<u>2019 Municipal</u>	<u>2019 County</u>
East Lampeter Township	13.7940	1.900	2.911
Upper Leacock Township	13.7940	1.695	2.911
West Earl Township	13.7940	1.267	2.911

<u>Municipality</u>	<u>2020-2021 School District</u>	<u>2020 Municipal</u>	<u>2020 County</u>
East Lampeter Township	14.1526	1.900	2.911
Upper Leacock Township	14.1526	1.695	2.911
West Earl Township	14.1526	1.267	2.911

<u>Municipality</u>	<u>2021-2022 School District</u>	<u>2020 Municipal</u>	<u>2020 County</u>
East Lampeter Township	14.4739	1.900	2.911
Upper Leacock Township	14.4739	1.695	2.911
West Earl Township	14.4739	1.267	2.911

# CONESTOGA VALLEY SCHOOL DISTRICT

## PROPERTY ASSESSMENT DATA

Last ten calendar years ending December 31

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<u>Calendar</u> <u>Year</u>	<u>Assessed Value</u>	<u>Market Value</u>	<b>Common</b> <u>Level</u> <u>Ratio</u>
2011	2,691,980,100	2,809,280,767	78.80%
2012	2,690,056,700	2,894,185,447	80.60%
2013	2,680,410,700	2,882,192,258	79.10%
2014	2,676,741,600	2,926,156,117	77.50%
2015	2,680,065,800	2,929,799,573	75.50%
2016	2,694,851,500	3,060,134,766	73.70%
2017	2,717,612,600	3,088,259,918	100.00%
2018 *	3,450,025,400	3,222,605,595	87.00%
2019	3,437,429,800	3,214,897,729	83.40%
2020	3,455,027,100	3,359,373,093	78.10%

Source: *Pennsylvania State Tax Equalization Board*

\* Lancaster County underwent a countywide reassessment in 2018.



# CONESTOGA VALLEY SCHOOL DISTRICT

## ENROLLMENT DATA

Last ten fiscal years ending June 30

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<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2011-2012	2,174	2,009	4,183
2012-2013	2,225	2,056	4,281
2013-2014	2,217	2,000	4,217
2014-2015	2,175	2,064	4,239
2015-2016	2,228	1,990	4,218
2016-2017	2,151	2,025	4,176
2017-2018	2,291	1,900	4,191
2018-2019	2,200	1,945	4,145
2019-2020	2,218	1,933	4,151
2020-2021	1,963	1,854	3,817
2021-2022*	2,071	1,964	4,035

\* Projected

Future year enrollment projections are unavailable at this time.