

**SCHOOL DISTRICT OF THE
CITY OF YORK
YORK, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

SCHOOL DISTRICT OF THE CITY OF YORK, PENNSYLVANIA

YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1 - 3
Management's Discussion and Analysis	4 - 13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to Financial Statements	23 - 62
Required Supplementary Information	63
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	64
Schedule of Changes in the Total OPEB Liability and Related Ratios – Retirees Health Plan	65
Schedule of the District's Proportionate Share of the Net OPEB Liability – PSERS Plan	66
Schedule of the District's OPEB Contributions – PSERS Plan	67
Schedule of the District's Proportionate Share of the Net Pension Liability	68
Schedule of District Pension Contributions	69



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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
School District of the City of York
York, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The School District's 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.



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To the Board of School Directors
School District of the City of York
Page 2

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 activity, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Governmental Accounting Standards Board Principles

As described in Note 1 to the financial statements, in 2021 the School District adopted the provisions of Governmental Accounting Standards Board's Statements No. 84, "*Fiduciary Activities*", Statement No. 90, "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*", Statement No. 93, "*Replacement of Interbank Offered Rates*", 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*" and Statement No. 98, "*The Annual Comprehensive Financial Report*". Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability and related ratios – retirees health plan, the schedule of the District's proportionate share of the net OPEB liability – PSERS plan, the schedule of the District's OPEB contributions – PSERS plan, the schedule of the District's proportionate share of the net pension liability, and the schedule of district pension contributions on pages 4-13 and 64-69 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.



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To the Board of School Directors
School District of the City of York
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania
February 16, 2022

**School District of the City of York
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2021**

Our discussion and analysis of the School District of the City of York, “the District” and its financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District’s financial statements.

Financial Highlights

- The District decreased its net position related to governmental activities by \$5,277,051 or 7.9%. This change is detailed in the Statement of Activities included in the financial statements.
- The District increased its outstanding bonds and loans payable by \$955,941 to a balance of \$67,224,410 as of June 30, 2021. The District’s activity in long-term debt is detailed in the notes to the financial statements.
- The operations of the General Fund of the District finished the year with \$155,485,579 of revenue which was \$337,598 or (.22%) unfavorable as compared to budget and \$164,999,912 of expenditures which was \$9,376,735 or (5.7%) unfavorable to the budget.
- The District’s General Fund ended the year with a fund balance of \$20,722,173 which represents an increase of \$2,822,341 which is \$2,822,341 favorable to the budgeted net change in fund balance.

A Brief Guide to the Financial Statements

The financial statements of the District include presentation on two levels-

- Government-wide statements
- Governmental fund statements

Government-wide Statements

These statements present the District’s financial information in an aggregated format split into two types of activities.

- Governmental activities
- Business-type activities

Most of the activities of the District are reported as governmental activities. The operations of the District’s Food Service Fund, whose operations involve primarily the serving of meals to students during the school day, is the District’s only business-type activity.

The presentation provided in these government-wide statements is primarily focused on presenting the financial position of the District and the change in financial position as a result of the activities that occurred during the fiscal year. The significant differences in these statements as compared to governmental fund statements are:

- Government-wide statements include fixed assets for governmental activities—government fund statements do not.
- Government-wide statements include long-term debt for governmental activities—government fund statements do not.
- Government-wide statements are prepared utilizing the accrual basis of accounting—government fund statements are generally prepared utilizing a modified accrual basis of accounting. This results in differences in the timing of the recognition of certain revenues.
- Government-wide statements present in a format to highlight net assets. Government fund statements deal with fund balance. Net assets are a much broader financial measurement.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

For a more detailed explanation of these financial statements, please review the notes to the financial statements.

Government Fund Statements

This format is concerned primarily with the presentation of "the flow of funds" rather than with measuring financial position. This is the presentation format which is utilized for preparation of budgets and is presented on a more disaggregated format than the government-wide statements.

This format, as with the government-wide statements, presents information by firstly grouping funds by type. In the case of governmental funds the types are:

- Governmental funds
- Proprietary funds

These statements are presented by type and then utilizing criteria to identify "major funds" presenting information on a segregated basis for each of the major funds and then aggregating the information for all other funds within the fund type.

The District has the following "major funds" for government fund statement presentation-

- Governmental funds
 - General fund
 - Capital projects fund
- Proprietary funds
 - Food service fund

This is the District's only proprietary fund.

For more information regarding the presentation of fund financial statements, please review the notes to the financial statements.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

Condensed Government-wide Financial Statements-

**Condensed Statement of Net Position
June 30, 2021**

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 28,108,595	\$ 1,584,377	\$ 29,692,972
Taxes receivable-net	3,240,409	-	3,240,409
Other current assets	10,748,355	(209,284)	10,539,071
Total current assets	<u>42,097,359</u>	<u>1,375,093</u>	<u>43,472,452</u>
Capital assets	119,297,469	237,123	119,534,592
Other non-current assets	10,605,498	-	10,605,498
Total assets	<u>172,000,326</u>	<u>1,612,216</u>	<u>173,612,542</u>
Total Deferred Outflows of Resources	<u>43,243,762</u>	<u>1,308,170</u>	<u>44,551,932</u>
Liabilities:			
Current liabilities:			
Accounts payable	3,717,864	71,624	3,789,488
Current portion of long-term debt and loan/note	9,271,059	-	9,271,059
Accrued salaries, benefits and withholdings	12,159,470	16,572	12,176,042
Other current liabilities	1,154,358	95,162	1,249,520
Total current liabilities	<u>26,302,751</u>	<u>183,358</u>	<u>26,486,109</u>
Bonds and loan payable-net of current portion	57,953,351	-	57,953,351
Net pension liability	175,142,230	5,416,770	180,559,000
Other non-current liabilities	20,740,596	554,538	21,295,134
Total liabilities	<u>280,138,928</u>	<u>6,154,666</u>	<u>286,293,594</u>
Total Deferred Inflows of Resources	<u>6,930,330</u>	<u>214,340</u>	<u>7,144,670</u>
Net Position:			
Invested in capital assets-net of related debt	61,225,866	237,123	61,462,989
Restricted	13,536,541	141,147	13,677,688
Unrestricted	(146,587,577)	(3,826,890)	(150,414,467)
Total Net Position	<u>\$ (71,825,170)</u>	<u>\$ (3,448,620)</u>	<u>\$ (75,273,790)</u>

Comments regarding the condensed June 30, 2021 government-wide statements:

Statement of Net Position

- Cash, cash equivalents and investments consist primarily of overnight investments and demand deposits which are federally insured or collateralized by securities held by third parties and funds held in government investment pools.
- Taxes receivable include delinquent real estate and current income tax collections and real estate transfer taxes primarily from the June 30, 2021 quarter.
- Fixed assets are presented net of depreciation and include the facilities and equipment of the District.
- Accrued salaries and benefits consist primarily of the amounts due teachers for salaries and benefits earned in the 2020-21 school year that are paid over a twelve month period beginning when the District's academic year begins in late August through the following August. These are the remaining amounts which were paid in July and August, 2021 and related benefits and payroll taxes for the 2020-21 school year.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

- The bonds payable include several general obligation bonds and notes series of the District. The loan payable is the balance of a \$3.0 million interest free loan provided in June, 2014 by the Commonwealth of Pennsylvania. Such loan is being repaid over a ten-year period with ten annual \$300,000 installments.

The notes to the financial statements provide additional detail on these and other items included in the Statement of Net Position.

Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
				Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 108,042,235	\$ -	\$ 25,349,849	\$ (82,692,386)		\$ (82,692,386)
Instructional Student Support	12,126,051	-	2,000,460	(10,125,591)		(10,125,591)
Admin. & Financial Support Services	13,701,281	-	1,623,214	(12,078,067)		(12,078,067)
Operation & Maintenance of Facilities	18,256,725	-	1,059,882	(17,196,843)		(17,196,843)
Pupil Transportation	2,892,054	-	446,189	(2,445,865)		(2,445,865)
Student Activities	809,529	-	92,730	(716,799)		(716,799)
Community Services	414,894	-	50,598	(364,296)		(364,296)
Interest on Long-Term debt	2,833,460	-	2,224,484	(608,976)		(608,976)
Total Governmental Activities	\$ 159,076,229	\$ -	\$ 32,847,406	(126,228,823)		(126,228,823)
Business-type activities:						
Food Service	3,384,082	1,136,601	1,833,988		(413,493)	(413,493)
Total Primary Government	\$ 162,460,311	\$ 1,136,601	\$ 34,681,394	(126,228,823)	(413,493)	(126,642,316)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				30,387,275	-	30,387,275
Taxes levied -other				4,258,076	-	4,258,076
Grants, subsidies, & contributions not restricted				83,092,808	-	83,092,808
Investment Earnings				419,805	345	420,150
Miscellaneous Income				2,793,808	-	2,793,808
Total general revenues, special items, extraordinary items and transfers				120,951,772	345	120,952,117
Change in Net Assets				(5,277,051)	(413,148)	(5,690,199)
				(66,548,119)	(3,035,472)	(69,583,591)
				\$ (71,825,170)	\$ (3,448,620)	\$ (75,273,790)

Statement of Activities

- Governmental activities operating grants include various subsidies including \$6,713,784 of state funds for special education, \$3,905,458 of Federal Title I funds, \$437,719 of state subsidy to support student transportation, and \$15,951,978 as a state subsidy to reimburse the District for a portion of its required retirement and social security contributions.
- General revenues include \$30,387,275 of real estate taxes, \$3,242,715 of earned income taxes, and a Basic Education Funding subsidy from the State of \$72,905,092. The District also received \$2,903,174 from gaming revenues to fund homestead exemptions utilized to reduce local real estate taxes for qualified taxpayers.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

The condensed Governmental Activities Statement of Net Position June 30, 2021 as compared to June 30, 2020 including the change in the elements of net position-

	Governmental Activities		
	6/30/2021	6/30/2020	Inc. (Dec.) in Net Position
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 28,108,595	\$ 18,515,535	\$ 9,593,060
Taxes receivable-net	3,240,409	5,193,702	(1,953,293)
Other current assets	10,748,355	12,565,145	(1,816,790)
Total current assets	<u>42,097,359</u>	<u>36,274,382</u>	<u>5,822,977</u>
Capital assets	119,297,469	124,186,107	(4,888,638)
Other non-current assets	10,605,498	1,434,310	9,171,188
Total assets	<u>172,000,326</u>	<u>161,894,799</u>	<u>10,105,527</u>
Total Deferred Outflows of Resources	<u>43,243,762</u>	<u>40,378,402</u>	<u>2,865,360</u>
Liabilities:			
Current liabilities:			
Accounts payable	3,717,864	4,009,176	291,312
Current portion of long-term debt and loan/note	9,271,059	9,419,059	148,000
Accrued salaries, benefits and withholdings	12,159,470	11,089,094	(1,070,376)
Other current liabilities	1,154,358	760,483	(393,875)
Total current liabilities	<u>26,302,751</u>	<u>25,277,812</u>	<u>(1,024,939)</u>
Bonds and loan payable-net of current portion	57,953,351	56,849,410	(1,103,941)
Net pension liability	175,142,230	158,962,630	(16,179,600)
Other non-current liabilities	20,740,596	20,478,923	(261,673)
Total liabilities	<u>280,138,928</u>	<u>261,568,775</u>	<u>(18,570,153)</u>
Total Deferred Inflows of Resources	<u>6,930,330</u>	<u>7,593,110</u>	<u>662,780</u>
Change in net position			<u>\$ (4,936,486)</u>
Net Position:			
Invested in capital assets-net of related debt	61,225,866	59,704,500	1,521,366
Restricted & unrestricted	(133,051,036)	(126,593,184)	(6,457,852)
Total Net Position	<u>\$ (71,825,170)</u>	<u>\$ (66,888,684)</u>	<u>\$ (4,936,486)</u>
			-7.4%

Analysis of the changes in the Governmental Activities Statement of Net Assets

- The decrease in the District's Net Position is due predominantly due to the increase in the District's Net Pension Liability totaling \$16,179,600 offset by the increase and total assets driven by unspent bond proceeds held at year-end as a result of the issuance of General Obligation Bonds, Series of 2021.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

The condensed Business-type Activities Statement of Net Position June 30, 2021 as compared to June 30, 2020 including the change in the elements of net position-

	Business-Type Activities		
	6/30/2021	6/30/2020	Inc. (Dec.) in Net Position
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 1,584,377	\$ 1,234,489	\$ 349,888
Other current assets	(209,284)	74,035	(283,319)
Total current assets	<u>1,375,093</u>	<u>1,308,524</u>	<u>66,569</u>
Fixed assets-net	237,123	276,780	(39,657)
Total assets	<u>1,612,216</u>	<u>1,585,304</u>	<u>26,912</u>
Total Deferred Outflows of Resources	<u>1,308,170</u>	<u>1,217,103</u>	<u>91,067</u>
Liabilities:			
Current liabilities:			
Accounts payable	71,624	82,637	11,013
Accrued salaries and benefits	16,572	10,345	(6,227)
Other current liabilities	95,162	59,375	(35,787)
Total current liabilities	<u>183,358</u>	<u>152,357</u>	<u>(31,001)</u>
Other non-current liabilities	5,971,308	5,450,684	(520,624)
Total liabilities	<u>6,154,666</u>	<u>5,603,041</u>	<u>(551,625)</u>
Total Deferred Inflows of Resources	<u>214,340</u>	<u>234,838</u>	<u>20,498</u>
Change in net position			<u>\$ (413,148)</u>
Net Position:			
Invested in capital assets-net of related debt	237,123	276,780	(39,657)
Restricted & unrestricted	(3,685,743)	(3,312,252)	(373,491)
Total Net Position	<u>\$ (3,448,620)</u>	<u>\$ (3,035,472)</u>	<u>\$ (413,148)</u>
			-13.6%

Analysis of changes in Business-type activities Statement of Net Assets

- The cash, cash equivalents and investments decreased due to decreased lunches served during the year resulting in decreased federal grant funds.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

A condensed Statement of Activities for the fiscal year ended June 30, 2021 as compared to the fiscal year ended June 30, 2020

Functions/Programs	FY Ended 6/30/2021	FY Ended 6/30/2020	Favorable (Unfavorable) Change 2021
Expenses			
Governmental activities:			
Instruction	\$ 108,042,235	\$ 107,838,323	\$ (203,912)
Instructional Student Support	12,126,051	12,638,997	512,946
Admin. & Financial Support Services	13,701,281	13,119,436	(581,845)
Operation & Maintenance of Facilities	18,256,725	16,832,494	(1,424,231)
Pupil Transportation	2,892,054	2,554,201	(337,853)
Student Activities	809,529	896,503	86,974
Community Services	414,894	380,188	(34,706)
Interest on Long-Term debt	2,833,460	2,866,987	33,527
Total Governmental Activities	159,076,229	157,127,129	(1,949,100)
Business-type activities:			
Food Service	3,384,082	5,273,771	1,889,689
Total Expense	162,460,311	162,400,900	(59,411)
Program Revenues & Charges for Services			
Governmental activities:			
Instruction	25,349,849	20,954,615	4,395,234
Instructional Student Support	2,000,460	3,081,741	(1,081,281)
Admin. & Financial Support Services	1,623,214	1,702,291	(79,077)
Operation & Maintenance of Facilities	1,059,882	1,247,453	(187,571)
Pupil Transportation	446,189	493,097	(46,908)
Student Activities	92,730	120,675	(27,945)
Community Services	50,598	234,117	(183,519)
Interest on Long-Term debt	2,224,484	2,177,414	47,070
Total Governmental Activities	32,847,406	30,011,403	2,836,003
Business-type activities:			
Food Service	2,970,589	4,570,199	(1,599,610)
Total Program Revenues & Charges for Services	35,817,995	34,581,602	1,236,393
General revenues:			
Taxes:			
Property taxes, levied for general purposes, net	30,387,275	31,342,527	(955,252)
Taxes levied-other	4,258,076	3,434,289	823,787
Grants, subsidies, & contributions not restricted	83,092,808	83,203,412	(110,604)
Investment Earnings-governmental activities	419,805	744,076	(324,271)
Investment earnings-business-type activities	345	2,819	(2,474)
Miscellaneous Income	2,793,808	2,666,040	127,768
Total General Revenues	120,952,117	121,393,163	(441,046)
Change in Net Position	\$ (5,690,199)	\$ (6,426,135)	\$ 735,936

- Instructional expenses increased in the current fiscal year primarily due to staffing returning to normal levels where comparatively there was a decrease in the prior year due to the pandemic.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

Balance Sheet-Governmental Funds

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash, cash equivalents and investments	\$ 27,750,690	\$ -	\$ 357,905	\$ 28,108,595
Taxes receivable-net	3,240,409	-	-	3,240,409
Due from other funds	801,837	2,750,000	-	3,551,837
Due from other governments	6,980,968	-	-	6,980,968
Other receivables	791,192	-	-	791,192
Inventories	82,525	-	-	82,525
Prepaid expenses	2,091,833	-	-	2,091,833
Restricted assets-				
Cash, cash equivalents and investments	-	10,471,272	-	10,471,272
Total Assets	<u>\$ 41,739,454</u>	<u>\$ 13,221,272</u>	<u>357,905</u>	<u>\$ 55,318,631</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,675,228	\$ 5,763	36,873	\$ 3,717,864
Accrued salaries and benefits	7,141,096	-	-	7,141,096
Payroll deductions and withholdings	5,018,374	-	-	5,018,374
Deferred revenues	429,153	-	-	429,153
Due to other funds	2,750,000	-	-	2,750,000
Total liabilities	<u>19,013,851</u>	<u>5,763</u>	<u>36,873</u>	<u>19,056,487</u>
Deferred Outflows of Resources:				
Unavailable tax revenues- property taxes	2,003,430	-	-	2,003,430
Total Deferred Outflows of Resources	<u>2,003,430</u>	<u>-</u>	<u>-</u>	<u>2,003,430</u>
Fund Balances:				
Nonspendable	2,174,358	-	-	2,174,358
Restricted	-	13,215,509	321,032	13,536,541
Unassigned	18,547,815	-	-	18,547,815
Total fund balances	<u>20,722,173</u>	<u>13,215,509</u>	<u>321,032</u>	<u>34,258,714</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 41,739,454</u>	<u>\$ 13,221,272</u>	<u>\$ 357,905</u>	<u>\$ 55,318,631</u>

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

The General Fund Budget vs Actual for the June 30, 2021 Fiscal Year

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Local Sources				
Real Estate Taxes	\$ 31,594,501	\$ 31,594,496	\$ 32,157,893	\$ 563,397
Other Taxes	3,933,885	3,933,885	4,258,076	324,191
Investment Income	500,000	500,000	418,770	(81,230)
Other Revenue	2,583,200	959,200	794,654	(164,546)
Total Local Revenues	38,611,586	36,987,581	37,629,393	641,812
State Sources	103,595,276	103,595,276	103,361,926	(233,350)
Federal Sources	13,616,320	15,240,320	14,494,260	(746,060)
Total Revenues	155,823,182	155,823,177	155,485,579	(337,598)
EXPENDITURES				
Instructional Services				
Regular education programs	66,262,331	66,262,328	63,728,144	2,534,184
Special education programs	27,872,715	27,872,714	26,382,747	1,489,967
Vocational education programs	5,398,217	5,398,217	3,935,709	1,462,508
Other instructional programs	2,591,316	2,591,316	1,451,876	1,139,440
Nonpublic school programs	250,272	250,272	317,291	(67,019)
Adult education programs	362,391	362,391	312,288	50,103
Pre-kindergarten	2,633,750	2,633,750	2,567,643	66,107
Total Instructional Services	105,370,992	105,370,988	98,695,698	6,675,290
Instructional Support Services				
Pupil personnel support services	5,005,471	5,005,471	6,276,356	(1,270,885)
Instructional staff support services	3,066,727	3,066,727	2,934,768	131,959
Administrative services	7,618,823	7,618,823	8,852,562	(1,233,739)
Pupil health services	1,757,220	1,757,220	1,560,911	196,309
Business services	1,273,409	1,273,409	1,238,014	35,395
Operation & maintenance of facilities	11,806,065	11,806,064	12,025,119	(219,055)
Student transportation services	3,078,874	3,078,874	2,892,054	186,820
Central & other business support services	2,846,229	2,846,229	1,844,070	1,002,159
Other support services	-	-	22,294	(22,294)
Total Instructional Support Services	36,452,818	36,452,817	37,646,148	(1,193,331)
Noninstructional Services				
Student activities	579,110	579,110	646,608	(67,498)
Community services	721,650	721,650	364,279	357,371
Total Noninstructional Services	1,300,760	1,300,760	1,010,887	289,873
Capital Outlay				
	-	-	418,547	(418,547)
Debt Service (Principal & Interest)				
	12,498,612	12,498,612	27,228,632	(14,730,020)
Total Expenditures	155,623,182	155,623,177	164,999,912	(9,376,735)
Excess of Revenues Over (Under) Expenditures	200,000	200,000	(9,514,333)	(9,714,333)
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	-	25,095,000	25,095,000
Transfers Out	-	-	(12,758,326)	(12,758,326)
Budgetary Reserve	(200,000)	(200,000)	-	200,000
Total Other Financing Sources (Uses)	(200,000)	(200,000)	12,336,674	12,536,674
Net Change in Fund Balance	\$ -	\$ -	\$ 2,822,341	\$ 2,822,341

Analysis of actual results as compared to budget

- The above federal sources revenues decrease is due to slightly lower than anticipated Title I funding during the year.
- Instructional Support Service expenditures were higher than anticipated due to increased spending on salaries and benefits, and supplies than budgeted.
- Instructional Service expenditures were lower than anticipated due to decreased employee salary and benefit, professional services, purchased services, and supplies costs than budgeted.

**School District of the City of York
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021**

Long-term debt activity in the fiscal year ended June 30, 2021

Description	Balance 6/30/2020	Additional Borrowings	Repayments/ Reductions	Balance 6/30/2021
General obligation debt	\$ 65,068,469	\$ 25,095,000	\$ 23,839,059	\$ 66,324,410
Loan payable	1,200,000	-	300,000	900,000
	<u>\$ 66,268,469</u>	<u>\$ 25,095,000</u>	<u>\$ 24,139,059</u>	<u>\$ 67,224,410</u>

See the notes to the financial statements for additional details.

Capital asset activity in the fiscal year ended June 30, 2021

Description	Cost 6/30/2020	Fiscal Year 6/30/21		Cost 6/30/2021	Fiscal Year 6/30/21		Accumulated Depreciation 6/30/2021	Net Asset 6/30/2021
		Additions	Retire/Trsf		Depreciation	Retirement		
Land	\$ 2,804,679	\$ -	\$ -	\$ 2,804,679	\$ -	\$ -	\$ -	\$ 2,804,679
Buildings & improvements	181,573,012	145,605	-	181,718,617	4,882,695	-	68,386,533	113,332,084
Furniture & equipment	7,078,067	258,247	-	7,336,314	650,095	-	4,415,908	2,920,406
Construction in Progress	-	240,300	-	240,300	-	-	-	240,300
	<u>\$ 191,455,758</u>	<u>\$ 644,152</u>	<u>\$ -</u>	<u>\$ 192,099,910</u>	<u>\$ 5,532,790</u>	<u>\$ -</u>	<u>\$ 72,802,441</u>	<u>\$ 119,297,469</u>

Business Type Capital Assets:

Description	Cost 6/30/2020	Fiscal Year 6/30/21		Cost 6/30/2021	Fiscal Year 6/30/21		Accumulated Depreciation 6/30/2021	Net Asset 6/30/2021
		Additions	Retire/Trsf		Depreciation	Retirement		
Furniture & equipment	\$ 1,345,331	\$ -	\$ -	\$ 1,345,331	\$ 39,657	\$ -	\$ 1,108,208	\$ 237,123
	<u>\$ 1,295,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,345,331</u>	<u>\$ 39,657</u>	<u>\$ -</u>	<u>\$ 1,108,208</u>	<u>\$ 237,123</u>

See the notes to the financial statements for additional details.

Potential Future Issues

The following matters will potentially have future impact on the District:

- The Pennsylvania School Employees Retirement System (PSERS), a State-wide multi-employer pension plan covering substantially all of the District's employees as well as most of the employees of all of the public school employees in the State, has experienced a significant funding shortfall. There is uncertainty as to the extent of and resolution of this shortfall but the current plan to resolve the shortfall includes increases in required employer contributions which have had and will continue to have a negative financial impact on the District.
- The District has been identified by the Pennsylvania Department of Education as a "financially distressed" district under the Commonwealth's Act 141 of 2012. A requirement of that Act is, among other things, for the Secretary of Education of the Commonwealth to appoint a Chief Recovery Officer who is responsible to develop a Financial Recovery Plan for the District and to monitor the progress of the District towards fulfilling the requirements of that plan. A Plan has been developed and the work towards achieving the goals of the Recovery Plan is ongoing.
- The District is an urban District with limited local resources. As such, the District is to a significant extent dependent upon the financial support of the Commonwealth.
- During the last 3-1/2 months of the fiscal year 06/30/2020, the District was operating under an order of disaster emergency by the Governor of the Commonwealth of Pennsylvania responding to the health emergency created by the coronavirus ("COVID-19") outbreak, resulting in physical school closures and minimal operations. After July 1, the Governor along with related state agencies gave recommendations for school instruction coordination but have not mandated any closure of operations. At the time of this audit, the District was maintaining instruction through virtual means and weighing the pros and cons of re-introducing students back into the classroom. It is not determinable at this time when the District may resume normal operations or what the financial impact of this change in operations will have on the District.

SCHOOL DISTRICT OF THE CITY OF YORK
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 27,508,463	\$ 1,584,377	\$ 29,092,840
Investments	600,132	-	600,132
Taxes Receivable, net	3,240,409	-	3,240,409
Internal Balances	801,837	(801,837)	-
Due from Other Governments	6,980,968	153,165	7,134,133
Other Receivables	791,192	174,562	965,754
Inventories	82,525	123,679	206,204
Other Assets	2,091,833	141,147	2,232,980
Total Current Assets	<u>42,097,359</u>	<u>1,375,093</u>	<u>43,472,452</u>
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents	9,480,272	-	9,480,272
Investments	991,000	-	991,000
Bond Discounts, net of Amortization	134,226	-	134,226
Capital Assets, not being depreciated	3,044,979	-	3,044,979
Capital Assets, being depreciated, net	116,252,490	237,123	116,489,613
Total Noncurrent Assets	<u>129,902,967</u>	<u>237,123</u>	<u>130,140,090</u>
TOTAL ASSETS	<u>172,000,326</u>	<u>1,612,216</u>	<u>173,612,542</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Loss on Refunding, net of Accumulated Amortization	946,286	-	946,286
OPEB	3,316,086	102,560	3,418,646
Pensions	38,981,390	1,205,610	40,187,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>43,243,762</u>	<u>1,308,170</u>	<u>44,551,932</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	3,717,864	71,624	3,789,488
Current Portion of Long-Term Debt	8,971,059	-	8,971,059
Current Portion of Loan Payable	300,000	-	300,000
Accrued Salaries and Benefits	7,141,096	16,572	7,157,668
Accrued Interest on Long-Term Debt	725,205	-	725,205
Payroll Deductions and Withholdings	5,018,374	-	5,018,374
Unearned Revenues	429,153	95,162	524,315
Total Current Liabilities	<u>26,302,751</u>	<u>183,358</u>	<u>26,486,109</u>
Noncurrent Liabilities			
Bonds Payable	57,353,351	-	57,353,351
Bond Premiums, net of Amortization	1,452,691	-	1,452,691
Long-Term Portion of Compensated Absences	2,267,939	28,147	2,296,086
Loan Payable	600,000	-	600,000
Net Pension Liability	175,142,230	5,416,770	180,559,000
Net OPEB Liability	17,019,966	526,391	17,546,357
Total Noncurrent Liabilities	<u>253,836,177</u>	<u>5,971,308</u>	<u>259,807,485</u>
TOTAL LIABILITIES	<u>280,138,928</u>	<u>6,154,666</u>	<u>286,293,594</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
OPEB	2,732,170	84,500	2,816,670
Pensions	4,198,160	129,840	4,328,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,930,330</u>	<u>214,340</u>	<u>7,144,670</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	61,225,866	237,123	61,462,989
Restricted	13,536,541	141,147	13,677,688
Unrestricted	(146,587,577)	(3,826,890)	(150,414,467)
TOTAL NET POSITION	<u>\$ (71,825,170)</u>	<u>\$ (3,448,620)</u>	<u>\$ (75,273,790)</u>

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 108,042,235	\$ -	\$ 25,349,849	\$ -	\$ (82,692,386)	\$ -	\$ (82,692,386)
Instructional Student Support	12,126,051	-	2,000,460	-	(10,125,591)	-	(10,125,591)
Administrative and Financial Support Services	13,701,281	-	1,623,214	-	(12,078,067)	-	(12,078,067)
Operation and Maintenance of Plant Services	18,256,725	-	1,059,882	-	(17,196,843)	-	(17,196,843)
Pupil Transportation	2,892,054	-	446,189	-	(2,445,865)	-	(2,445,865)
Student Activities	809,529	-	92,730	-	(716,799)	-	(716,799)
Community Services	414,894	-	50,598	-	(364,296)	-	(364,296)
Interest on Long-Term Debt	2,833,460	-	2,224,484	-	(608,976)	-	(608,976)
Total Governmental Activities	159,076,229	-	32,847,406	-	(126,228,823)	-	(126,228,823)
Business-Type Activities:							
Food Services	3,384,082	1,136,601	1,833,988	-	-	(413,493)	(413,493)
Total Primary Government	\$ 162,460,311	\$ 1,136,601	\$ 34,681,394	\$ -	(126,228,823)	(413,493)	(126,642,316)
General Revenues:							
Taxes:							
Property Taxes, net					30,387,275	-	30,387,275
Public Utility Tax					31,774	-	31,774
Earned Income Tax					3,242,715	-	3,242,715
In Lieu of Tax					200,392	-	200,392
Real Estate Transfer Tax					783,195	-	783,195
Unrestricted Grants and Subsidies					83,092,808	-	83,092,808
Unrestricted Investment Earnings					419,805	345	420,150
Gain on disposal of capital asset					-	-	-
Miscellaneous Income					2,793,808	-	2,793,808
Total General Revenues					120,951,772	345	120,952,117
Changes in Net Position					(5,277,051)	(413,148)	(5,690,199)
Net position - beginning of year as restated (see Note 19)					(66,548,119)	(3,035,472)	(69,583,591)
Net position - end of year					\$ (71,825,170)	\$ (3,448,620)	\$ (75,273,790)

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 27,150,558	\$ -	\$ 357,905	\$ 27,508,463
Investments	600,132	-	-	600,132
Taxes Receivable, net allowance of \$331,999	3,240,409	-	-	3,240,409
Due from Other Funds	801,837	2,750,000	-	3,551,837
Due From Other Governments	6,980,968	-	-	6,980,968
Other Receivables	791,192	-	-	791,192
Inventories	82,525	-	-	82,525
Prepaid Expenses	2,091,833	-	-	2,091,833
Restricted Assets:				
Cash and Cash Equivalents	-	9,480,272	-	9,480,272
Investments	-	991,000	-	991,000
TOTAL ASSETS	\$ 41,739,454	\$ 13,221,272	\$ 357,905	\$ 55,318,631
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,675,228	\$ 5,763	\$ 36,873	\$ 3,717,864
Accrued Salaries and Benefits	7,141,096	-	-	7,141,096
Payroll Deductions and Withholdings	5,018,374	-	-	5,018,374
Due to Other Funds	2,750,000	-	-	2,750,000
Deferred Revenue	429,153	-	-	429,153
TOTAL LIABILITIES	19,013,851	5,763	36,873	19,056,487
DEFERRED INFLOWS OF RESOURCES				
Unavailable Tax Revenues - Property Taxes	2,003,430	-	-	2,003,430
TOTAL DEFERRED INFLOWS OF RESOURCES	2,003,430	-	-	2,003,430
FUND BALANCES				
Nonspendable	2,174,358	-	-	2,174,358
Restricted For:				
Student Activity Clubs	-	-	212,939	212,939
Scholarships	-	-	108,093	108,093
Capital Projects	-	13,215,509	-	13,215,509
Unassigned	18,547,815	-	-	18,547,815
TOTAL FUND BALANCES	20,722,173	13,215,509	321,032	34,258,714
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 41,739,454	\$ 13,221,272	\$ 357,905	\$ 55,318,631

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Total fund balance - governmental funds \$ 34,258,714

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. Those assets consist of:

Land	\$ 2,804,679	
Construction in Process	240,300	
Buildings and Improvements, net of \$68,386,533 accumulated depreciation	113,332,084	
Furniture and Equipment, net of \$4,415,908 accumulated depreciation	<u>2,920,406</u>	
 Total capital assets		 119,297,469

Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 2,003,430

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(66,324,410)	
Loan Payable	(900,000)	
Accrued Interest on Long-Term Debt	(725,205)	
Deferred Loss on Refunding, net of Amortization	946,286	
Net Pension Liability	(175,142,230)	
Deferred Outflows of Resources - Pensions	38,981,390	
Deferred Inflows of Resources - Pensions	(4,198,160)	
Bond Premium/Discount, net of Amortization	134,226	
Bond Premium/Discount, net of Amortization	(1,452,691)	
Compensated Absences	(2,267,939)	
Other Post-Employment Benefits (OPEB)	(17,019,966)	
Deferred Outflows of Resources - OPEB	3,316,086	
Deferred Inflows of Resources - OPEB	<u>(2,732,170)</u>	
		<u>(227,384,783)</u>
 TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		 <u>\$ (71,825,170)</u>

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources:				
Real Estate Taxes	\$ 32,157,893	\$ -	\$ -	\$ 32,157,893
Other Taxes	4,258,076	-	-	4,258,076
Investment Income	418,770	680	355	419,805
Other Revenue	794,654	-	83,182	877,836
Total Local Sources	37,629,393	680	83,537	37,713,610
State Sources	103,361,926	-	-	103,361,926
Federal Sources	14,494,260	-	-	14,494,260
Total Revenues	155,485,579	680	83,537	155,569,796
EXPENDITURES				
Instructional Services	98,695,698	-	-	98,695,698
Support Services	37,646,148	-	-	37,646,148
Noninstructional Services	1,010,887	-	103,070	1,113,957
Capital Outlay	418,547	225,605	-	644,152
Debt Service				
Principal	24,139,059	-	-	24,139,059
Interest	3,089,573	-	-	3,089,573
Total Expenditures	164,999,912	225,605	103,070	165,328,587
Excess of Revenues Over (Under) Expenditures	(9,514,333)	(224,925)	(19,533)	(9,758,791)
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	25,095,000	-	-	25,095,000
Transfers In	-	12,758,326	-	12,758,326
Transfers Out	(12,758,326)	-	-	(12,758,326)
Total Other Financing Sources	12,336,674	12,758,326	-	25,095,000
Net Changes in Fund Balance	2,822,341	12,533,401	(19,533)	15,336,209
Fund Balances - Beginning of Year, as restated (see Note 19)	17,899,832	682,108	340,565	18,922,505
Fund Balances - End of Year	\$ 20,722,173	\$ 13,215,509	\$ 321,032	\$ 34,258,714

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balances - total governmental funds \$ 15,336,209

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays 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. The amount by which depreciation exceeds capital outlays in the period is as follows:

Depreciation expense	\$ (5,532,790)	
Capital outlays	<u>644,152</u>	(4,888,638)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of

Debt issued:		
General obligation debt	(25,095,000)	
Repayments:		
General obligation debt	23,839,059	
Loan Payable Repayment	300,000	(955,941)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	104,309	
Pension benefit expense	(12,640,863)	
Other postemployment benefits expense	(717,622)	
Amortization of debt premium/discount	342,762	
Amortization of deferred loss from refunding	(79,123)	
Accrued interest on long-term debt	<u>(7,526)</u>	(12,998,063)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.

(1,770,618)

Change in net position of governmental activities \$ (5,277,051)

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Enterprise Fund
	Food Service
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 1,584,377
Receivable from Other Governments	153,165
Other Receivables	174,562
Inventories	123,679
Prepaid Expenses	141,147
Total Current Assets	2,176,930
Noncurrent Assets	
Furniture and equipment, net	237,123
Total Noncurrent Assets	237,123
TOTAL ASSETS	2,414,053
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
OPEB	102,560
Pensions	1,205,610
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,308,170
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	71,624
Accrued Wages Payable	16,572
Due to Other Funds	801,837
Unearned Revenue	95,162
Total Current Liabilities	985,195
Noncurrent Liabilities	
Compensated Absences Payable	28,147
Net Pension Liability	5,416,770
Net OPEB Liability	526,391
Total Noncurrent Liabilities	5,971,308
TOTAL LIABILITIES	6,956,503
<u>DEFERRED INFLOWS OF RESOURCES</u>	
OPEB	84,500
Pensions	129,840
TOTAL DEFERRED INFLOWS OF RESOURCES	214,340
<u>NET POSITION</u>	
Net Investment in Capital Assets	237,123
Restricted	141,147
Unrestricted	(3,826,890)
TOTAL NET POSITION	\$ (3,448,620)

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Fund Food Service
Operating Revenues	
Intergovernmental Revenues	
Federal	\$ 1,625,774
State	14,030
Donated Commodities	194,184
Food Service Revenue	1,136,601
Total Operating Revenues	2,970,589
Operating Expenses	
Salaries	738,532
Employee Benefits	1,319,504
Other Purchased Services	907,373
Supplies	379,016
Depreciation	39,657
Total Operating Expenses	3,384,082
Operating Loss	(413,493)
Nonoperating Revenues	
Investment Earnings	345
Total Nonoperating Revenues	345
Change in Net Position	(413,148)
Net Position - Beginning of year	(3,035,472)
Net Position - End of Year	\$ (3,448,620)

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Federal and State Agencies	\$ 1,755,138
Cash Received from User Charges	966,980
Cash Payments to Employees for Services	(1,642,750)
Cash Payments to Suppliers for Goods and Services	(1,269,339)
Internal Activity	539,514
Net Cash Provided by Operating Activities	349,543
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings	345
Net Cash Provided by Investing Activities	345
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	349,888
Cash and Cash Equivalents - Beginning of Year	1,234,489
Cash and Cash Equivalents - End of Year	\$ 1,584,377
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:	
Donated Commodities	\$ 194,184
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (413,493)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Depreciation	39,657
Change in assets and liabilities	
Accounts Receivable	(284,258)
Prepaid Expense	34,487
Inventory	(6,424)
Accounts Payable	(11,013)
Accrued Salaries and Benefits	6,227
Accrued Sick and Vacation	(4,090)
Net Pension Liability and Pension Deferred Inflows/Outflows	390,955
Other Postemployment Benefits and Deferred Inflows/Outflows	22,194
Due to/Due From Other Funds	539,514
Deferred Revenue	35,787
Total Adjustments	723,379
Net Cash Provided by Operating Activities	\$ 349,543

The accompanying notes are an integral part of the financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The School District of the City of York (the "District") is an educational institution located in York, Pennsylvania. It is a school district of the second class based on its population and is comprised of elementary, middle and secondary schools.

B. Reporting Entity

Governmental Accounting Standards Board ("GASB") Statement No. 61, *"The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34"*, established the criteria to be used by the District to evaluate the possible inclusion of related entities within its reporting entity based upon financial accountability and the nature and significance of the relationship. Based on the foregoing criteria, the District has no component units that are required to be included in the District's financial statements.

C. Joint Ventures

The York County School of Technology

The District is one of fourteen-member school districts participating in the operation of the York County School of Technology. The school is operated, administered and managed by a joint operating committee consisting of board members from the fourteen-member school districts. These members are elected by the individual school board of directors. The District's share of annual operating costs of the York County School of Technology fluctuates based on the number of students enrolled. The amount paid during the year ended June 30, 2021, for tuition and debt service was \$4,328,953. Complete financial information for the York County School of Technology can be obtained at 2179 South Queen Street, York, PA 17402.

Lincoln Intermediate Unit #12 (LIU)

The LIU Board of Directors consists of 13 members elected among the school directors of the 25 constituent school districts in York, Adams and Franklin Counties. The Board has decision-making authority, the power to designate management, the ability to significantly influence operations, and has primary accountability for fiscal matters. The School District of the City of York contracts with LIU for special education services for School District students, and for certain joint services. The amount paid for these services during the year ended June 30, 2021, was \$1,400,291. Accounts payable at June 30, 2021, includes \$37,735 payable to LIU. Complete financial information for LIU can be obtained at 65 Billerbeck Street, New Oxford, PA 17350.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Joint Ventures (Continued)

Lincoln Benefit Trust (LBT)

The District is one of 18 school districts, 2 vocational/technical schools, and the LIU which are members of LBT. LBT provides a funding mechanism, plan review, comprehensive reporting, joint purchasing of administrative service providers and reinsurance, and other services related to the self-insured health benefit plans of its members. The District's share of LBT's professional service fees and audit expenses during the year ended June 30, 2021, was \$962,287. Complete financial information for the Lincoln Benefit Trust can be obtained at 65 Billerbeck Street, New Oxford, PA 17350.

York Adams Tax Bureau

The District participates with 20 other school districts and 110 municipalities for the collection of earned income and other locally-levied taxes. Each member appoints one representative to serve on the Bureau's Board of Directors. Collections are distributed quarterly to member taxing authorities. Operating expenses of the York Adams Tax Bureau are deducted from these distributions, and the District records tax revenues net of these expenses. Financial information for the Bureau can be obtained at 1405 North Duke Street, York, PA 17405.

D. Measurement Focus, Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report on all the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements which incorporates noncurrent assets as well as long term debt and obligations. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts expended to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

2. Fund Financial Statements

The operations of the District are organized and are recorded in individual funds. Each fund is a separate accounting entity, with self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of taxes which must be received within 60 days of year end to be deemed available.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

Governmental Funds (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the District.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Proprietary Funds

The District's Food Service Fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net position.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

Proprietary Funds (Continued)

The proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

E. Basis of Presentation

The District reports the following major funds:

Governmental Fund Types:

- The General Fund is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for financial resources accumulated from debt proceeds related to fixed asset acquisitions, construction, and improvements, other than those financed by the proprietary fund.

Additionally, the District reports the following Other Governmental Funds:

- The Scholarship Funds are used to account for assets held by the District under an agreement for individuals, private organizations, or other governments and therefore not available to support the District's own programs. However, the District has the ability to direct how the funds are applied towards their intended purposes established.
- Student Activity Funds account for assets held by the District for various student activities. The District has the ability to direct how the funds are applied towards their intended purposes established.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Basis of Presentation (Continued)

Proprietary Fund Types:

- The Food Service Fund accounts for all financial resources associated with the operations of the District's cafeterias. The food service fund is authorized under Section 504 of the Public School Code of 1949. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs (expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges.

F. Assets, Liabilities, Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the District considers all highly liquid investments with initial maturities of three months or less when purchased to be cash equivalents.

2. Investments

Investments for the District are reported at fair value. Investments that do not have an established market value are reported at estimated values.

3. Restricted Assets

Restricted assets for the District represent cash and investment balances from unspent bond proceeds and capital reserves funds. At June 30, 2021, the restricted cash balance was \$9,480,272 and the restricted investment balance was \$991,000.

4. Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis and are expended when used.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

5. Capital Assets

Capital assets which include property, plant, and equipment are reported in the Governmental or Business-Type Activities column in the government-wide and proprietary fund financial statements. Donated assets are stated at estimated fair value on the date donated. The District generally capitalizes assets or groups of assets with a cost of \$4,000 or more and useful lives of greater than one year. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method.

Estimated useful lives, in years, for depreciable assets are generally as follows:

Buildings and Building Improvements	15 - 40 Years
Furniture and Equipment	5 - 12 Years

6. Receivables and Payables

- 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 "due to/from other funds." All receivables are shown net of an allowance for doubtful accounts.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest 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 while discounts on debt issuances are reported as other financing uses.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

8. Compensated Absences

The District accrues unused vacation, sick leave, and personal days as a liability. Upon termination or retirement, the employee will be paid for these accumulated absences in accordance with District policy.

9. Unearned Revenues

Revenues that are received but not yet earned are recorded as unearned revenue in the District's financial statements. In the District's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

10. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the assignment will be reappropriated and honored in subsequent years.

11. Net Position/Fund Balances

The District follows GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions.*" This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – Amounts that are not in a spendable form (such as Inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

- *Committed Fund Balance* – Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of School Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. This formal action is a Board approved Resolution.
- *Assigned Fund Balance* – Amounts the District intends to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the Business Manager pursuant to authorization established by the Board of School Directors.
- *Unassigned Fund Balance* – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's policy to use restricted resources first. When expenditures are incurred for purposes of which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

All encumbrances are classified as Assigned Fund Balance in the General Fund, or as Restricted Fund Balance in non-general funds.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

When an expense is incurred for purposes for which restricted and unrestricted net position is available, the District is to apply restricted net position first.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

12. Accounting Estimates

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

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund, and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

14. Deferred Outflows / Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has four items that qualify for reporting in these categories: deferred outflows on refunding bonds, deferred outflows and inflows related to pensions, deferred outflows and inflows related to other postemployment benefits, and deferred inflows related to unavailable tax revenue.

Deferred outflows/inflows on refundings are the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows and inflows of resources related to pensions are described further in Note 16 and deferred outflows and inflows of resources related to other postemployment benefits are described further in Note 17. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension and other postemployment benefits ("OPEB") expense over a closed period, which reflects the weighted average remaining service life of all PSERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on PSERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). *Unavailable tax revenue*, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

14. Deferred Outflows / Inflows of Resources (Continued)

The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

15. PSERS Pensions and OPEB

For purposes of measuring net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public School Employee's 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 benefit terms investments are reported at fair value.

G. Adoption of Governmental Accounting Standards Board Statements

The District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. The adoption of this statement changed the classification of Private Purpose Trust Funds and the Student Activity Funds from Fiduciary to Governmental as well as resulted in a restatement of other governmental funds balance and of governmental activities and custodial net position (See Note 19).

The District adopted the provisions of GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61*. The adoption of this statement did not result in modification of previously reported amounts.

The District adopted the provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The adoption of this statement did not result in modification of previously reported amounts.

The District adopted the provisions of GASB issued 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*. The adoption of this statement did not result in modification of previously reported amounts.

The District adopted the provisions of GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The adoption of this statement did not result in modification of previously reported amounts.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. Pending Changes in Accounting Principles

In June 2017, the GASB issued Statement No. 87, *Leases*. The District is required to adopt Statement No. 87 for its fiscal year 2022 financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District is required to adopt the provisions of Statement No. 89 for its fiscal year 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The District is required to adopt the provisions of Statement No. 91 for its fiscal year 2023 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The District is required to adopt the provisions of Statement No. 92 for its fiscal year 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The District is required to adopt the provisions of Statement No. 94 for its fiscal year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The District is required to adopt the provisions of Statement No. 96 for its fiscal year 2023 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

An operating 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.

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

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The District is required to ensure the proposed budget is available for public inspection within fifteen days of final action.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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 at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the department level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code.

Management may amend the budget at the department level without Board approval. 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.

In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported in the fund financial statements as assignments of fund balances.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program by program basis by the federal and state funding agencies.

NOTE 3: DEPOSIT AND INVESTMENT RISK

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

The deposit and investment policy of the District adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

Custodial Credit Risk

For deposits and investments, 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 its investments or collateral securities that are in the possession of an outside party. The District has a policy for custodial credit risk. As of June 30, 2021, the District's cash balance was \$38,572,490 and its bank balance was \$40,732,372

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Custodial Credit Risk (Continued)

At June 30, 2021, \$40,232,372 of the bank balance was exposed to custodial credit risk, as it was uninsured and collateralized with securities held by the financial institution's trust departments not in the District's name. The District's cash equivalents of \$622 were not subject to custodial credit risk, as they were invested in a state investment pool.

As of June 30, 2021, the District had the following debt investments and maturities that are classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 622	\$ 622	\$ -	\$ -	\$ -

Interest Rate Risk

The District's investment policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates

At June 30, 2021, the District has investments classified as cash and cash equivalents in money market holdings and other short-term investments through PA Invest totaling \$622 and the Pennsylvania School District Liquid Asset Fund (PSDLAF) of \$991,000. PSDLAF was established to enable school districts and other local government agencies to pool funds for investments in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

Participation in External Investment Pools

Investment Pool investments are multiple investment portfolios with PSDLAF similar to a money market fund. The portfolio securities are valued at amortized cost, which approximates market value. The District has no regulatory oversight for the pool, which is governed by the Board of Trustees. The pool is audited annually by PricewaterhouseCoopers LLP. The pool is rated AAA by Standard & Poor's. PSDLAF issues separate financial statements available at www.psdlaf.org.

The Pennsylvania Local Government Investment Trust (PLGIT) I-Class is a 2a7-like pool. The District's investment in PLGIT is reported at amortized cost, which approximates fair value. At June 30, 2021, the District has investments classified as cash and cash equivalents in money market holdings and other short-term investments of \$2,320,720.

The District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP. The pool is rated AAA by Standard & Poor's. PLGIT issues separate financial statements available at www.plgit.com.

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Participation in External Investment Pools (Continued)

Restrictions on Qualified Investment Pool Withdrawals. The District is limited to two withdrawals per calendar month from the PLGIT account.

Investments– District investments consists of investment pool deposits held in the General Fund and equities held in the Private Purpose Trust Fund. Investments are measured at fair value on a recurring basis in accordance with the framework established by GASB Statement No. 72, “*Fair Value Measurement and Application*”. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of June 30, 2021 the District’s investment in the investment pool of \$600,132 are valued at the net asset value (NAV).

As of June 30, 2021 the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity Less than 1 Year
Investment Pool	\$ 600,132	\$ 600,132
Total	\$ 600,132	\$ 600,132

NOTE 4: REAL ESTATE TAXES

Based upon assessed valuations provided by the County, the Treasurer for the City of York collects property taxes on behalf of the District. The District's tax rate for the year ended June 30, 2021, is 35.1530 mills (\$35.1530 per \$1,000 of assessed valuation). The schedule for property taxes levied for the year ended June 30, 2021, is as follows:

July 1	Tax Levy Date
July 1 – August 31	2% Discount Period
September 1 – October 31	Face Payment Period
November 1 – December 31	10% Penalty Period
January 1	Lien Filing Date

On January 15, of the following year, all delinquent taxpayers are turned over for collection to the York City Tax Claim Bureau. Uncollected real estate taxes attach as an enforceable lien on property when recorded by the York City Tax Claim Bureau in January. Taxes receivable at June 30, 2021 were \$3,572,408 with an allowance of \$331,999 resulting in taxes receivable, net of allowance totaling \$3,240,409.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivable and payable balances at June 30, 2021, are as follows:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds:</u>		
General	\$ 801,837	\$ 2,750,000
Capital Projects	2,750,000	-
Total Governmental Funds	3,551,837	2,750,000
<u>Proprietary Funds:</u>		
Enterprise Funds:		
Food Service	-	801,837
Total Proprietary Funds	-	801,837
	\$ 3,551,837	\$ 3,551,837

NOTE 6: INTERFUND OPERATING TRANSFERS

Interfund transfers for the year ended June 30, 2021, are as follows:

	Transfers from Other Funds	Transfers to Other Funds
<u>Governmental Funds:</u>		
General	\$ -	\$ 12,758,326
Capital Projects	12,758,326	-
Total Governmental Funds	12,758,326	12,758,326
	\$ 12,758,326	\$ 12,758,326

NOTE 7: DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2021, the following amounts are due from other governmental units:

<u>Due From</u>	Governmental Activities	Business-Type Activities
Federal Grants and Subsidies	\$ 2,028,740	\$ 153,165
State Retirement Subsidy	3,713,453	-
State FICA Subsidy	750,509	-
Other State Subsidies	388,677	-
Other LEA's	99,589	-
	\$ 6,980,968	\$ 153,165

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 8: CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021, is as follows:

Governmental Activities				
	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Capital Assets not Being Depreciated (cost):				
Land	\$ 2,804,679	\$ -	\$ -	\$ 2,804,679
Construction in Process	-	240,300	-	240,300
Total Capital Assets not Being Depreciated	2,804,679	240,300	-	3,044,979
Capital Assets Being Depreciated:				
Building and Building Improvements	181,573,012	145,605	-	181,718,617
Furniture and Equipment	7,078,067	258,247	-	7,336,314
Total Capital Assets Being Depreciated	188,651,079	403,852	-	189,054,931
Less Accumulated Depreciation for:				
Building and Building Improvements	(63,503,838)	(4,882,695)	-	(68,386,533)
Furniture and Equipment	(3,765,813)	(650,095)	-	(4,415,908)
Total Accumulated Depreciation	(67,269,651)	(5,532,790)	-	(72,802,441)
Capital Assets Being Depreciated, Net	121,381,428	(5,128,938)	-	116,252,490
Governmental Activities, Capital Assets, Net	\$ 124,186,107	\$ (4,888,638)	\$ -	\$ 119,297,469

Capital asset activity for business-type activities for the year ended June 30, 2021, is as follows:

Business Type Activities				
	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 1,345,331	\$ -	\$ -	\$ 1,345,331
Total Capital Assets Being Depreciated	1,345,331	-	-	1,345,331
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,068,551)	(39,657)	-	(1,108,208)
Total Accumulated Depreciation	(1,068,551)	(39,657)	-	(1,108,208)
Capital Assets Being Depreciated, Net	276,780	(39,657)	-	237,123
Business-Type Activities, Capital Assets, Net	\$ 276,780	\$ (39,657)	\$ -	\$ 237,123

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 8: CAPITAL ASSETS (CONTINUED)

Depreciation Expenses were charged to governmental activities as follows:

Instruction	\$ 254,290
Instructional Student Support	19,414
Administration and Financial Services	85,310
Operation and Maintenance of Plant	5,171,385
Student Activities	2,391
	<hr/>
	\$ 5,532,790
	<hr/> <hr/>

NOTE 9: ACCRUED SALARIES AND BENEFITS

At June 30, 2021, the District was liable for payroll and related benefits, which are payable during July and August 2021, to those employees who have a ten-month contract but are paid over a twelve-month period, to non-instructional employees who performed services through June 30, 2021, and to retiring employees who are receiving a payout of their accumulated compensated absences. Unemployment compensation is included in workers compensation insurance for both the general fund and food service fund.

The balances at June 30, 2021, are as follows:

	General Fund	Food Service	Total
Accrued Payroll	\$ 4,936,965	\$ 11,522	\$ 4,948,487
Workers Compensation Insurance	78,991	184	79,175
Unemployment Compensation	33,620	9	33,629
Retirement	1,713,588	3,976	1,717,564
Social Security	377,932	881	378,813
	<hr/>	<hr/>	<hr/>
	\$ 7,141,096	\$ 16,572	\$ 7,157,668
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS

A summary of changes in long-term debt obligations follows:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
<u>Governmental activities</u>					
General obligation debt	\$ 65,068,469	\$ 25,095,000	\$ (23,839,059)	\$ 66,324,410	\$ 8,971,059
Bond Premium	1,872,857	-	(420,166)	1,452,691	-
Loan Payable	1,200,000	-	(300,000)	900,000	300,000
Compensated absences	2,372,248	-	(104,309)	2,267,939	-
Governmental activities long-term liabilities	\$ 70,513,574	\$ 25,095,000	\$ (24,663,534)	\$ 70,945,040	\$ 9,271,059
<u>Business-type activities</u>					
Compensated absences	\$ 32,237	\$ -	\$ (4,090)	\$ 28,147	\$ -
Business-type activities long-term liabilities	\$ 32,237	\$ -	\$ (4,090)	\$ 28,147	\$ -

An analysis of debt service requirements to maturity on the Governmental Activities obligations with the exception of the loan payable is as follows:

Years Ended June 30:	Principal Retirements	Interest Requirements*	Total Debt Service Requirements
2022	\$ 8,971,059	\$ 1,622,935	\$ 10,593,994
2023	9,093,059	1,514,970	10,608,029
2024	9,182,059	1,394,717	10,576,776
2025	9,632,059	1,204,594	10,836,653
2026	9,547,059	936,844	10,483,903
2027-2031	19,899,115	864,308	20,763,423
	<u>\$ 66,324,410</u>	<u>\$ 7,538,368</u>	<u>\$ 73,862,778</u>

*The Interest Requirements include a federal subsidy associated with the District's outstanding 2010 QSCB Bond.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below:

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at June 30, 2021
2009	\$ 19,790,000	In 2009, the School District issued General Obligation Notes, Series A-1 through A-3 of 2009 to provide funds for the current refunding of the outstanding General Obligation Notes, Series of 2000 and General Obligation Notes of 2003. Series A-1 Notes matured serially through September 15, 2015, Series A-2 mature serially through September 25, 2020 and Series A-3 mature serially through September 25, 2022. Effective April 25, 2012, the Series A-1, A-2, and A-3 bonds were refinanced at a fixed interest rate of 1.83% from the previous variable interest rate with a maximum interest rate of 15.00%.	\$ 2,290,000
2010	24,600,000	In 2010, the State Public School Building Authority issued Federally Taxable Revenue Bonds, Series A of 2010 (Qualified School Construction Bonds) in the amount of \$325,526,000 of which \$24,600,000 is the responsibility of the School District. The proceeds of the Bond provide funds to pay issuance costs and finance costs of certain capital projects to be undertaken by the School District. The Bonds mature serially through September 1, 2027 and carry an interest rates of 0.17%.	10,129,410
2011	9,000,000	In 2011, the State Public School Building Authority issued Federally Taxable Revenue Bonds, Series A of 2011 (Qualified School Construction Bonds) and Series B of 2011 (Qualified Zone Academy Bonds) in the amount of \$71,308,000 of which \$9,000,000 is the responsibility of the School District. The proceeds of the Bond provide funds to pay issuance costs and finance costs of certain capital projects to be undertaken by the School District. The Bonds mature serially through September 1, 2026 and carry interest rates of 5.426%.	6,020,000
2019	8,560,000	In 2019, the School District issued General Obligation Bonds, Series of 2019, in the amount of \$8,560,000. The proceeds of the Bonds were used for the current refunding of a portion of the outstanding General Obligation Bonds, Series of 2009. The Bonds mature serially through June 1, 2029 and carry and interest rate of 2.00% to 2.625%.	7,290,000
2020	17,470,000	In 2020, the School District issued General Obligation Bonds, Series of 2020, in the amount of \$17,470,000. The proceeds of the Bonds were used to currently refund the outstanding General Obligation Bond, Series of 2017 and General Obligation Bond, Series of 2017A. The Bonds mature serially through May 1, 2029 and carry and interest rate of 1.44% to 4.00%.	16,500,000
2021	25,095,000	In 2021, the School District issued General Obligation Notes, Series of 2021, in the amount of \$25,095,000. The proceeds of the General Obligation Note to provide funds for the current refunding of the outstanding General Obligation Bonds, Series A and B of 2013, General Obligation Bonds, Series of 2015, General Obligation Bonds, Series of 2016, fund future capital projects, and to pay the issuance costs. Series of 2021 mature serially through May 1, 2028 and carry an interest rate of 1.011%.	24,095,000
Total Balance Outstanding			<u>\$ 66,324,410</u>

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

The following is a summary of changes in general long-term obligation debt for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
GON, Series A-2 of 2009	\$ 1,857,000	\$ -	\$ (1,857,000)	\$ -	\$ -
GON, Series A-3 of 2009	2,290,000	-	-	2,290,000	1,119,000
GON, Series of 2010	11,576,469	-	(1,447,059)	10,129,410	1,447,059
GON, Series of 2011	7,005,000	-	(985,000)	6,020,000	990,000
GOB, Series of 2012	105,000	-	(105,000)	-	-
GOB, Series A of 2013	3,810,000	-	(3,810,000)	-	-
GOB, Series B of 2013	4,090,000	-	(4,090,000)	-	-
GOB, Series of 2015	4,520,000	-	(4,520,000)	-	-
GOB, Series of 2016	4,525,000	-	(4,525,000)	-	-
GOB, Series of 2019	8,190,000	-	(900,000)	7,290,000	920,000
GOB, Series of 2020	17,100,000	-	(600,000)	16,500,000	1,155,000
GON, Series of 2021	-	25,095,000	(1,000,000)	24,095,000	3,340,000
	<u>\$ 65,068,469</u>	<u>\$ 25,095,000</u>	<u>\$ (23,839,059)</u>	<u>\$ 66,324,410</u>	<u>\$ 8,971,059</u>

In March 2021, the School District issued General Obligation Notes, Series of 2021 in the amount of \$25,095,000. The proceeds were used to currently refund the outstanding General Obligation Bonds, Series of 2013A and 2013B, General Obligation Bonds, Series of 2015, General Obligation Bonds, Series of 2016, fund future capital projects, and to pay the issuance costs.

The General Obligation Notes issuance costs incurred totaled \$188,500. The Notes mature serially through May 1, 2028 and carry an interest rate of 1.011%.

This refunding transaction resulted in an estimated cash flow savings of \$1,035,673 and an estimated economic gain of \$1,026,281 for the School District.

NOTE 11: LOAN PAYABLE

The District received a loan totaling \$3 million through the Pennsylvania Department of Education Financial Recovery Transitional Loan Program to assist with the elimination of accumulated deficits and replenish fund balance. The loan is non-interest bearing and shall be paid annually over 10 equal installments of \$300 thousand through June 30, 2024. The outstanding balance on the loan at June 30, 2021 was \$900,000.

Years Ended June 30:	Principal Retirements
2022	\$ 300,000
2023	300,000
2024	300,000
	<u>\$ 900,000</u>

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 12: COMPENSATED ABSENCES

The changes in the District's compensated absences in 2021 are summarized as follows:

	Governmental Activities	Business-Type Activities
Balance July 1, 2020	\$ 2,372,248	\$ 32,237
Change	(104,309)	(4,090)
Balance June 30, 2021	\$ 2,267,939	\$ 28,147

Compensated absences are paid from the General Fund and Food Service Fund.

NOTE 13: OPERATING LEASES

In August 2016, the District entered into a 59-month operating lease for Sharp equipment, maintenance and supplies. The contract calls for a fixed monthly charge.

In November 2016, the District entered into a 60-month operating lease for several Enterprise vehicles. The contract calls for a fixed monthly charge.

In January 2020, the District entered into a 60-month operating lease for a Pitney Bowes mail machine. The contract calls for a fixed monthly charge.

In January 2020, the District entered into a 60-month operating lease for a Pitney Bowes mail machine for William Penn Senior High School. The contract calls for a fixed monthly charge.

Lease expense in the general fund during the year ended June 30, 2021 was \$164,501. The District's future obligation under the operating leases are as follows for the fiscal years ending June 30:

Years Ended June 30:	
2022	122,262
2023	108,774
2024	80,245
2025	61,311
2026	55,452
Thereafter	6,699
	\$ 434,743

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 14: FUND BALANCES / NET POSITION

The financial statements present fund balances / net position based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective funds can be spent. The classifications used in the financial statements are as follows:

Governmental Funds

General Fund

Nonspendable

Inventory	\$	82,525
Prepayments made to Lincoln Benefit Trust for employee health care costs.		2,091,833

Unassigned

Available for any purpose		18,547,815
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Capital Projects

Restricted

Restricted for capital projects.		13,215,509
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Other Governmental Funds

Restricted

Restricted for:		
Student Activity Clubs		212,939
Scholarships		108,093
		18,866,157

Total Governmental Funds, Fund Balance

\$ 34,258,714

Governmental Activities

Net Investment in Capital Assets	\$	61,225,866
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Restricted Net Position

Restricted for capital projects, net unspent bond proceeds.		13,536,541
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Unrestricted Net Position		<u>(146,587,577)</u>
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\$ (71,825,170)

Business-Type Activities

Net Investment in Capital Assets		237,123
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Restricted Net Position		141,147
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Unrestricted Net Position		<u>(3,826,890)</u>
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\$ (3,448,620)

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 15: RISK MANAGEMENT

Medical Insurance

The District is exposed to risk of loss related to employee health care. In July 1989, the District joined the Lincoln Benefit Trust, a public entity risk pool currently operating as a claim-servicing pool for member school districts and the intermediate unit. The District is liable for all claims up to \$300,000. Claims incurred for \$300,001 to \$500,000 are paid from a stop-loss pool fund. Claims incurred for \$500,001 to \$1,000,000 are paid from a stop-loss insurance policy purchased by the Trust. The District pays premiums from the general fund and the enterprise fund. At June 30, 2021, the District's funding for claims exceeded the payments to date; accordingly the District has a prepaid balance with the Lincoln Benefit Trust. The general fund prepaid balance is equally offset by a nonspendable fund balance, indicating that the balances do not constitute available, spendable resources. A liability for benefit claims payable, and benefit claims incurred but not reported is netted against the prepaid balance.

	General Fund	Food Service Fund	Total
Prepaid Expense	\$ 2,091,833	\$ 141,147	\$ 2,232,980

Changes in the District's claims liability in fiscal years 2021 and 2020 are:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
General Fund				
2019-2020	\$ 777,554	\$ 13,923,610	\$ (13,726,574)	\$ 974,590
2020-2021	\$ 974,590	\$ 17,078,239	\$ (16,802,738)	\$ 1,250,091
Enterprise Fund				
2019-2020	\$ 35,146	\$ 527,464	\$ (520,000)	\$ 42,610
2020-2021	\$ 42,610	\$ 632,265	\$ (622,066)	\$ 52,809
Total				
2019-2020	\$ 812,700	\$ 14,451,074	\$ (14,246,574)	\$ 1,017,200
2020-2021	\$ 1,017,200	\$ 17,710,504	\$ (17,424,804)	\$ 1,302,900

Other Risks

The District is exposed to various risks of loss related to workers compensation; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. During the year ended June 30, 2021, and the two previous fiscal years, no settlements exceeded insurance coverage.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16: PENSION PLAN

General Information about the Pension Plan

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 the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

The administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The Board consists of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two Governor appointees, at least one of whom shall not be a school employee or an officer or employee of the State of Pennsylvania; three who are elected by the active professional members of PSERS from among their number; one who is elected by annuitants from among their number; one who is elected by the active nonprofessional members of PSERS from among their number; and one who is elected by members of Pennsylvania public school boards from among their number. The chairman of the Board is elected by the Board members. Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

PSERS was established on July 18, 1917, under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code ("Code"). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.pfers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserved the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16: PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined 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 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% or 2.5%, 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.

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.

All members are fully vested in their individual balance in the Members' Saving Account. All non-vested members may receive a refund of their individual balance of member contributions and interest from the Members' Savings Account upon termination of public school employment. Vested members who enrolled prior to July 1, 2011 may elect to receive a return of their accumulated contributions and interest upon their retirement which results in a reduced monthly annuity. Vested Class T-E and T-F members cannot withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement.

Contributions

Employer Contributions:

The contribution policy is set by the Code. The District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll which includes 0.18% for the Act 5 defined contribution plan members, 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 pension plan from the District were \$15,836,000 for the year ended June 30, 2021.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16: PENSION PLAN (CONTINUED)

Contributions (Continued)

Member Contributions:

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contribution rates are as follows:

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

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

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

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

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 total liability of \$180,559,000 for its proportionate share of the net pension liability. The Governmental and Business-Type Activities reported liabilities of \$175,142,230 and \$5,416,770 as of year-end. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.3667 percent, which was an increase of 0.0164 from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$28,811,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions in the Governmental and Business-Type Activities from the following sources:

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16: PENSION PLAN (CONTINUED)

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

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 7,696,950	\$ -
Difference between expected and actual experience	458,810	4,198,160
Changes in proportions	15,464,710	-
Contributions subsequent to the measurement date	15,360,920	-
Total	\$ 38,981,390	\$ 4,198,160

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 238,050	\$ -
Difference between expected and actual experience	14,190	129,840
Changes in proportions	478,290	-
Contributions subsequent to the measurement date	475,080	-
Total	\$ 1,205,610	\$ 129,840

\$15,836,000 is 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities	Total
Year ended June 30:			
2022	\$ 7,425,350	\$ 229,649	\$ 7,654,999
2023	5,532,880	171,120	5,704,000
2024	4,177,790	129,210	4,307,000
2025	2,286,290	70,711	2,357,001
	\$ 19,422,310	\$ 600,690	\$ 20,023,000

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16: PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Assumptions used in the measurement of the Total Pension Liability beginning June 30, 2020:

- The Investment Rate of Return is 7.25%
- The inflation assumption is at 2.75%
- Salary growth is an effective average of 5.00%, which was 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 experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board of Trustees at their June 10, 2016 meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

The Plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not considered to be substantively automatic.

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

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

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 16: PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Discount Rate

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

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to change in the discount rate

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

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
District's share of the net pension liability	\$ 223,390	\$ 180,559	\$ 144,276

(in Thousands)

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 16: PENSION PLAN (CONTINUED)

Pension plan fiduciary net position

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

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$4,413,348 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Act 5 of 2017

On June 12, 2017, the commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN

District Specific Plan

Plan Description

Plan Administration. The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the "Plan") that is used to provide post-retirement medical, prescription drug, vision, and dental benefits for teachers and administrative employees who meet the following eligibility requirements:

- Administrator/Individual Contracted Employees: Age 55 and 7 years of service with District as Administrator
- Administrative Coordinating Personnel: Age 55 or 35 years of service
- All other employees: Retire under the qualifications of the Pennsylvania School Employee's Retirement System.

Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

Plan Membership. As of June 30, 2021 the Plan's membership consisted of the following:

Active Participants	676
Retired Participants	49
Total	725

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

Benefits Provided. The Plan provides healthcare benefits to eligible retirees their spouses. Benefits are provided through the District varying based on employee classification and years of service of the retiree.

	Former Superintendent	Administrator/ Contracted Employees	Administrative Coordinating Personnel	All Other Employees
Period of Coverage				
Retiree	Life	Until the earlier of 10 years or retiree's Medicare eligibility	Until the earlier of 10 years or retiree's Medicare eligibility	Until Medicare eligible.
Spouse	Life	If retiree dies or becomes Medicare eligible, spousal coverage is available at spouse's expense until spouse's Medicare eligible.	If retiree dies or becomes Medicare eligible, spousal coverage is available at spouse's expense until spouse's Medicare eligible.	Until retiree becomes Medicare eligible. If retiree dies or becomes Medicare eligible, Spouse coverage is available at Spouse expense until Medicare eligible.
Medical Benefits	Medical, prescription drug, and dental coverage for retiree and spouse	Medical, prescription drug, dental, and vision coverage for retiree and spouse	Medical, prescription drug, dental, and vision coverage for retiree and spouse	Medical and prescription drug coverage for retiree and dependents

The School Board of Directors has the authority to periodically negotiate the benefit terms established in the bargaining agreements.

Contributions. The contribution requirements of plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amounts vary depending on classification and years of service with the District.

Total OPEB Liability

The District's total OPEB liability of \$9,612,357 was measured as of July 1, 2020 and was rolled forward using actuarial assumptions to the valuation date of July 1, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.50% average, including inflation
Discount Rate	1.86%
Healthcare Cost Trend Rates	5.5% in 2020 through 2023, 5.4% in 2024, decreasing to an ultimate rate of 4.0% by 2075.

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.

Mortality rates are assumed using the rates assumed in the PSERS defined benefit pension plan actuarial valuation with projections incorporated based on the Buck Modified 2016 projection scale to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2020 valuation were based on historical results, as a recent experience study was not completed.

Changes in the District's total OPEB liability for the plan for the fiscal year ended June 30, 2021 was as follows:

	Total OPEB Liability
Balance at 6/30/2019, beginning of year	\$ 9,285,895
Changes for the year:	
Service Cost	744,596
Interest	327,475
Differences between expected and actual experience	(1,181,244)
Changes in Assumptions	960,300
Benefit Payments	(524,665)
Net Changes	326,462
Balance at 6/30/2020, end of year	\$ 9,612,357
Split of Total OPEB Liability, end of year:	
Governmental Activities	9,323,986
Business-Type Activities	288,371
Total	\$ 9,612,357

Changes in assumptions reflect a change in the discount rate from 3.36% to 1.86%.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.5%) or 1-percentage higher (6.5%) than the current discount rate:

	1% Decrease 4.50%	Medical Trend Rate 5.50%	1% Increase 6.50%
Total OPEB Liability	\$ 8,570,535	\$ 9,612,357	\$ 10,843,718

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.86%) or 1-percentage higher (2.86%) than the current discount rate:

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
Total OPEB Liability	\$ 10,257,717	\$ 9,612,357	\$ 8,994,680

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$929,149. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,223,038
Changes in assumptions	1,106,818	419,632
Contributions subsequent to the measurement date	440,340	-
Total	\$ 1,547,158	\$ 2,642,670
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 1,500,743	\$ 2,563,390
Business-Type Activities	46,415	79,280
Total	\$ 1,547,158	\$ 2,642,670

\$440,340 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-Type Activities	Total
Year ended June 30:			
2022	\$ (138,634)	\$ (4,288)	\$ (142,922)
2023	(138,634)	(4,288)	(142,922)
2024	(138,634)	(4,288)	(142,922)
2025	(138,634)	(4,288)	(142,922)
2026	(138,634)	(4,288)	(142,922)
Thereafter	(796,605)	(24,637)	(821,242)

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan

Plan Description

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor 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 Districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 0.82% of covered payroll, an actuarially determined 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 PSERS Plan from the District were \$386,488 for the year ended June 30, 2021.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

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

At June 30, 2021, the District reported a liability of \$7,934,000 for its proportionate share of the net OPEB liability. The Governmental and Business-Type Activities reported liabilities of \$7,695,980 and \$238,020 as of year-end. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The 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 of all Districts in the PSERS Plan. At June 30, 2021, the District's proportion was 0.3672 percent, which was an increase of 0.0169 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$637,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 14,000	\$ -
Changes in assumptions	323,000	174,000
Changes in proportion	1,075,000	-
Difference between expected and actual experience	73,000	
Contributions subsequent to the measurement date	386,488	-
Total	<u>\$ 1,871,488</u>	<u>\$ 174,000</u>

Split of Deferred Outflows/Inflows of Resources:

Governmental Activities	\$ 1,815,343	\$ 168,780
Business-Type Activities	56,145	5,220
Total	<u>\$ 1,871,488</u>	<u>\$ 174,000</u>

\$386,488 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

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

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:	Governmental Activities	Business-Type Activities	Total
2022	\$ 252,200	\$ 7,800	\$ 260,000
2023	250,260	7,740	258,000
2024	248,320	7,680	256,000
2025	262,870	8,130	271,000
2026	184,300	5,700	190,000
Thereafter	73,720	2,280	76,000

Actuarial Assumptions

Actuarial Assumptions. The total OPEB liability as of June 30, 2020, was determined by rolling forward the System's total OPEB liability as of June 30, 2019 actuarial valuation to June 30, 2020 measurement date 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% - S&P 20 Year Municipal Bond Rate. This represents a change from 2.79% used in the June 30, 2019 measurement.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement 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 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 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.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Actuarial Assumptions (Continued)

A recent actuarial experience study was not performed.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

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 were:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	3.2%	(0.1%)
Total	<u>100.0%</u>	

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

SCHOOL DISTRICT OF THE CITY OF YORK
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. 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 District's Proportionate Share of the net OPEB liability as well as what the District's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease (Between 4% - 6.50%)	Medical Trend Rate (Between 5% - 7.50%)	1% Increase (Between 6% - 8.50%)
District's proportionate share of the net OPEB liability	\$ 7,933,000	\$ 7,934,000	\$ 7,935,000

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 9,046,000	\$ 7,934,000	\$ 7,013,000

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 the System's website at www.psers.pa.gov.

At June 30, 2021 the District reported a payable of \$105,038 for the outstanding amount of contributions to the OPEB plan.

SCHOOL DISTRICT OF THE CITY OF YORK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

NOTE 18: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various employment/health care-related lawsuits, and charges asserted by its employees and its bargaining units. The outcome of these matters cannot be determined at this time. Management believes that any potential losses from these matters will not have a material adverse effect on the District's financial position, however the outcome of these matters, and any potential losses, are not determinable.

Grants

The District is party to various grants with Federal and State agencies, which are subject to program and compliance audits by the grantors or under the Single Audit Act Amendments of 1996. Findings and questioned costs arising out of such audits are subject to the ultimate disposition by the grantor agency.

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the District's operations and financial results are uncertain at this time.

NOTE 19: RESTATEMENT OF NET POSITION / FUND BALANCE

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No 84, "Fiduciary Activities" in which the District changed its classification and presentation of custodial funds in its governmental and fiduciary fund financial statements.

	Governmental Activities	Non-Major Funds	Scholarship Funds **
Net Position/Fund Balance, as previously stated *	\$ (66,888,684)	\$ -	\$ 143,241
Understatement due to change in custodial funds	340,565	340,565	-
Net Position/Fund Balance, as restated	\$ (66,548,119)	\$ 340,565	\$ 143,241

* Custodial Funds did not have a net position as of June 30, 2020, the \$197,324 at year end was deemed a liability. Due to the adoption of GASB 84, the amounts have been reclassified as fund balance.

** The Scholarship Funds were previously reported as Private Purpose Trust Funds.

NOTE 20: EXCESS OF EXPENDITURES OVER APPROPRIATION IN MAJOR FUND

The following major fund had an excess of actual expenditures over budget for the year ended June 30, 2021.

	Appropriations	Expenditures	Percent of Excess Expenditures over Appropriations
General Fund	\$ 155,623,177	\$ 164,999,912	6.0%

The excess fund balance in the General Fund will provide the funds to cover the excess expenditures over appropriations.

NOTE 21: SUBSEQUENT EVENTS

Management of the School District has evaluated subsequent events through the report issuance date. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements other than the events noted above.

REQUIRED
SUPPLEMENTARY
INFORMATION

SCHOOL DISTRICT OF THE CITY OF YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Local Sources:				
Real Estate Taxes	\$ 31,594,501	\$ 31,594,496	\$ 32,157,893	\$ 563,397
Other Taxes	3,933,885	3,933,885	4,258,076	324,191
Investment Income	500,000	500,000	418,770	(81,230)
Other Revenue	2,583,200	959,200	794,654	(164,546)
Total Local Sources	38,611,586	36,987,581	37,629,393	641,812
State Sources	103,595,276	103,595,276	103,361,926	(233,350)
Federal Sources	13,616,320	15,240,320	14,494,260	(746,060)
Total Revenues	155,823,182	155,823,177	155,485,579	(337,598)
EXPENDITURES				
Instructional Services				
Regular Programs	66,262,331	66,262,328	63,728,144	2,534,184
Special Programs	27,872,715	27,872,714	26,382,747	1,489,967
Vocational Programs	5,398,217	5,398,217	3,935,709	1,462,508
Other Instructional Program	2,591,316	2,591,316	1,451,876	1,139,440
Nonpublic School Programs	250,272	250,272	317,291	(67,019)
Adult Education Programs	362,391	362,391	312,288	50,103
Pre-Kindergarten Programs	2,633,750	2,633,750	2,567,643	66,107
Total Instructional Services	105,370,992	105,370,988	98,695,698	6,675,290
Instructional Support Services				
Pupil Personnel Services	5,005,471	5,005,471	6,276,356	(1,270,885)
Instructional Staff Services	3,066,727	3,066,727	2,934,768	131,959
Administrative Services	7,618,823	7,618,823	8,852,562	(1,233,739)
Pupil Health	1,757,220	1,757,220	1,560,911	196,309
Business Services	1,273,409	1,273,409	1,238,014	35,395
Operation of Plant and Maintenance Services	11,806,065	11,806,064	12,025,119	(219,055)
Student Transportation Services	3,078,874	3,078,874	2,892,054	186,820
Central and Other Business Services	2,846,229	2,846,229	1,844,070	1,002,159
Other Support Services	-	-	22,294	(22,294)
Total Instructional Support Services	36,452,818	36,452,817	37,646,148	(1,193,331)
Noninstructional Services				
Student Activities	579,110	579,110	646,608	(67,498)
Community Services	721,650	721,650	364,279	357,371
Total Noninstructional Services	1,300,760	1,300,760	1,010,887	289,873
Capital Outlay	-	-	418,547	(418,547)
Debt Service	12,498,612	12,498,612	27,228,632	(14,730,020)
Total Expenditures	155,623,182	155,623,177	164,999,912	(9,376,735)
Excess of Revenues Over (Under) Expenditures	200,000	200,000	(9,514,333)	(9,714,333)
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	-	25,095,000	25,095,000
Transfers Out	-	-	(12,758,326)	(12,758,326)
Budgetary Reserve	(200,000)	(200,000)	-	200,000
Total Other Financing Sources (Uses)	(200,000)	(200,000)	12,336,674	12,536,674
Net Changes in Fund Balance	\$ -	\$ -	\$ 2,822,341	\$ 2,822,341

SCHOOL DISTRICT OF THE CITY OF YORK

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - RETIREES HEALTH PLAN

JUNE 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 668,851	\$ 709,108	\$ 752,378	\$ 744,596
Interest	252,527	336,784	282,392	327,475
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(1,472,457)	-	(1,181,244)
Changes of assumptions or other inputs	330,583	(294,755)	(227,968)	960,300
Benefit payments	<u>(654,801)</u>	<u>(690,186)</u>	<u>(534,051)</u>	<u>(524,665)</u>
Net change in total OPEB liability	597,160	(1,411,506)	272,751	326,462
Total OPEB liability - beginning	<u>9,827,490</u>	<u>10,424,650</u>	<u>9,013,144</u>	<u>9,285,895</u>
Total OPEB liability - ending	<u>\$ 10,424,650</u>	<u>\$ 9,013,144</u>	<u>\$ 9,285,895</u>	<u>\$ 9,612,357</u>
Covered payroll	\$ 37,343,714	\$ 47,086,179	\$ 47,086,179	\$ 44,375,313
District's total OPEB liability as a percentage of covered payroll	27.92%	19.14%	19.72%	21.66%

Changes of Assumptions

Effective 7/1/20 - The discount rate changed from 3.36% to 1.86%
 Effective 7/1/19 - The discount rate changed from 2.98% to 3.36%
 Effective 7/1/18 - The discount rate changed from 3.13% to 2.98%
 Effective 7/1/17 - The discount rate changed from 2.49% to 3.13%

Effective 7/1/20 - The trend assumption was updated.

Effective 7/1/18 - The trend assumption was updated. The assumed percentage of eligible Act 110/43 employees electing coverage at retirement was decreased from 70% to 65%.

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.

SCHOOL DISTRICT OF THE CITY OF YORK

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

JUNE 30, 2021

	Measurement Date June 30,			
	2016	2017	2018	2019
District's proportion of the net OPEB liability	0.2907%	0.3043%	0.3213%	0.3503%
District's proportionate share of the net OPEB liability	\$ 6,262,000	\$ 6,200,000	\$ 6,699,000	\$ 7,450,000
District's covered payroll	\$ 37,653,466	\$ 40,512,841	\$ 43,264,374	\$ 48,314,852
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17%	15%	15%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	5%	6%	6%	6%

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.

SCHOOL DISTRICT OF THE CITY OF YORK
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN

	2017	2018	2019	2020	2021
Contractually determined contribution	\$ 336,000	\$ 359,000	\$ 401,000	\$ 432,495	\$ 440,340
Contributions in relation to the contractually determined contribution	<u>336,000</u>	<u>359,123</u>	<u>401,027</u>	<u>432,495</u>	<u>440,340</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (123)</u>	<u>\$ (27)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 40,512,841	\$ 43,264,374	\$ 48,314,852	\$ 50,657,864	\$ 51,533,549
Contributions as a percentage of covered payroll	0.83%	0.83%	0.83%	0.85%	0.85%

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.

SCHOOL DISTRICT OF THE CITY OF YORK

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Measurement Date June 30,						
	2014	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.2624%	0.2709%	0.2907%	0.3043%	0.3213%	0.3503%	0.3667%
District's proportionate share of the net pension liability	\$ 106,025,000	\$ 117,341,000	\$ 144,062,000	\$ 150,289,000	\$ 154,240,000	\$ 163,879,000	\$ 180,559,000
District's covered payroll	\$ 33,486,767	\$ 34,858,951	\$ 37,653,466	\$ 40,512,841	\$ 43,264,374	\$ 48,314,852	\$ 50,657,864
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	317%	337%	383%	371%	357%	339%	356%
Plan fiduciary net position as a percentage of the total pension liability	57%	54%	50%	52%	54%	54%	54%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only seven years are presented in the above schedule.

SCHOOL DISTRICT OF THE CITY OF YORK
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 6,983,716	\$ 9,217,874	\$ 11,662,000	\$ 13,658,000	\$ 15,724,000	\$ 17,205,000	\$ 15,836,000
Contributions in relation to the contractually required contribution	6,983,716	9,217,874	11,662,000	13,658,000	15,724,000	17,205,000	15,836,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	34,858,951	37,653,466	40,512,841	43,264,374	48,314,852	50,657,864	51,533,549
Contributions as a percentage of covered payroll	20.03%	24.48%	28.79%	31.57%	32.54%	33.96%	30.73%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only seven years are presented in the above schedule.