Lampeter-Strasburg School District
Lampeter, Pennsylvania
Lancaster County

Financial Statements
Year Ended June 30, 2020

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LAMPETER-STRASBURG SCHOOL DISTRICT

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LAMPETER-STRASBURG SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lampeter-Strasburg School District, Lampeter, Pennsylvania as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lampeter-Strasburg School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lampeter-Strasburg School District, Lampeter, Pennsylvania as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Lampeter-Strasburg School District's 2019 financial statements, and our report dated October 2, 2019 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions – PSERS on pages 3 through 13 and 50 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020, on our consideration of Lampeter-Strasburg School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lampeter-Strasburg School District's internal control over financial reporting and compliance.

BBD, LLP

Philadelphia, Pennsylvania
October 19, 2020

Management's discussion and analysis (***"MD&A"***) of the financial performance of the Lampeter-Strasburg School District (the ***"District"***) provides an overview of the District's financial performance for fiscal year ended June 30, 2020. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of two elementary schools, a middle school and a high school consisting of approximately 3,076 students. The District covers 36.2 square miles southeast of the City of Lancaster and is comprised of the Townships of Strasburg and West Lampeter and the Borough of Strasburg. During 2019-2020, there were 436 employees in the District, consisting of 219 teachers, 13 administrators, including general administration, principals, and supervisors, and 204 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff, food service staff, technology staff, school monitors and staff nurses.

The District is committed to providing, in an accountable partnership with the parents and the community, opportunities for each learner to acquire the knowledge, skills and values to become a responsible, productive citizen.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit in total net position at the close of the 2019-2020 fiscal year of $32,997,777. During the 2019-2020 fiscal year, the District had an increase in total net position of $3,286,887. The net position of governmental activities increased by $3,480,689 and the net position of the business-type activities decreased by $193,802.

- The General Fund reported an increase of fund balance of $1,560,754, bringing the cumulative balance to $9,371,402 at the conclusion of the 2019-2020 fiscal year.

- In December 2019, an outbreak of a novel strain of coronavirus (***"COVID-19"***) was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 14, 2020, Pennsylvania Governor Tom Wolf ordered the closure of the physical location of every "non-essential business" in Lancaster County, Pennsylvania for what was an extended period of time resulting in a disruption of District services and an impairment of the ability of the District to generate revenues.

- At June 30, 2020, the General Fund fund balance includes $59,460 which is considered nonspendable, $1,070,000 committed for debt service, $1,300,000 assigned to retirement rate stabilization, $48,000 assigned to technology initiatives, $171,710 assigned for property tax assessment appeals, and an unassigned amount of $6,722,232 or 11.90% of the $56,509,534 General Fund expenditure budget for 2020-2021.

- Total General Fund revenues were $432,808 more than budgeted amounts and total General Fund expenditures and other financing uses were $1,905,326 less than budgeted amounts resulting in a net positive variance of $2,338,134.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

Governmental Activities

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

Business-Type Activities

The District charges fees to cover the costs of its food services and after-school child care programs.

The government-wide financial statements can be found on Pages 14 and 15 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

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

The governmental fund financial statements can be found on Pages 16 through 19 of this report.

Proprietary Funds

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

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on Pages 20 through 22 of this report.

Fiduciary Funds

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

The fiduciary fund financial statements can be found on Pages 23 and 24 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on Pages 25 through 49 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, schedules of the District’s proportionate share of the net pension liability and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District’s proportionate share of the net OPEB liability and OPEB plan contributions-PSERS.

The required supplementary information can be found on Pages 50 through 55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2019-2020 fiscal year the District's liabilities and deferred inflows of resources assets exceeded assets and deferred outflows of resources by $32,997,777. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2020 and 2019.

	Governmental Activities		Business-Type Activities		Totals	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
ASSETS						
Current assets	$ 21,720,027	$ 19,349,827	$ 257,689	$ 359,086	$ 21,977,716	$ 19,708,913
Noncurrent assets	46,142,087	49,314,798	145,937	102,227	46,288,024	49,417,025
Total assets	67,862,114	68,664,625	403,626	461,313	68,265,740	69,125,938
DEFERRED OUTFLOWS						
Deferred charges – pension	9,281,955	11,343,490	366,647	448,080	9,648,602	11,791,570
Deferred charges – OPEB	1,403,521	819,778	59,252	34,608	1,462,773	854,386
Deferred amounts on debt refunding	33,645	79,532	-	-	33,645	79,532
Total deferred outflows	10,719,121	12,242,800	425,899	482,688	11,145,020	12,725,488
LIABILITIES						
Current liabilities	7,005,785	7,178,162	123,409	76,449	7,129,194	7,254,611
Noncurrent liabilities	98,095,397	105,690,175	3,295,562	3,340,619	101,390,959	109,030,794
Total liabilities	105,101,182	112,868,337	3,418,971	3,417,068	108,520,153	116,285,405
DEFERRED INFLOWS						
Deferred credits – pension	3,558,736	1,595,299	140,573	63,016	3,699,309	1,658,315
Deferred credits – OPEB	181,416	184,577	7,659	7,793	189,075	192,370
Total deferred outflows	3,740,152	1,779,876	148,232	70,809	3,888,384	1,850,685
NET POSITION (DEFICIT)						
Net investment in capital assets	32,709,253	30,329,615	145,937	102,227	32,855,190	30,431,842
Restricted	2,990,221	3,197,997	-	-	2,990,221	3,197,997
Unrestricted (deficit)	(65,959,573)	(67,268,400)	(2,883,615)	(2,646,103)	(68,843,188)	(69,914,503)
Total net position (deficit)	$ (30,260,099)	$ (33,740,788)	$(2,737,678)	$(2,543,876)	$ (32,997,777)	$ (36,284,664)

The District's total assets as of June 30, 2020 were $68,265,740 of which $18,083,904 or 26.49%, consisted of cash and investments and $46,288,024 or 67.81%, consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2020 were $108,520,153 of which $13,466,479 or 12.41% consisted of general obligation debt used to acquire and construct capital assets and $77,565,564 or 71.48%, consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of $68,843,188 at June 30, 2020. The District's unrestricted net position increased by $1,071,315 during 2019-2020 primarily due to the results of current year operations net of the change in the District's actuarially determined net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled $2,990,221 as of June 30, 2020. Most of the District's restricted net position is related to amounts restricted for capital expenditures. A small portion, $15,839, is restricted for student activities at the elementary schools.

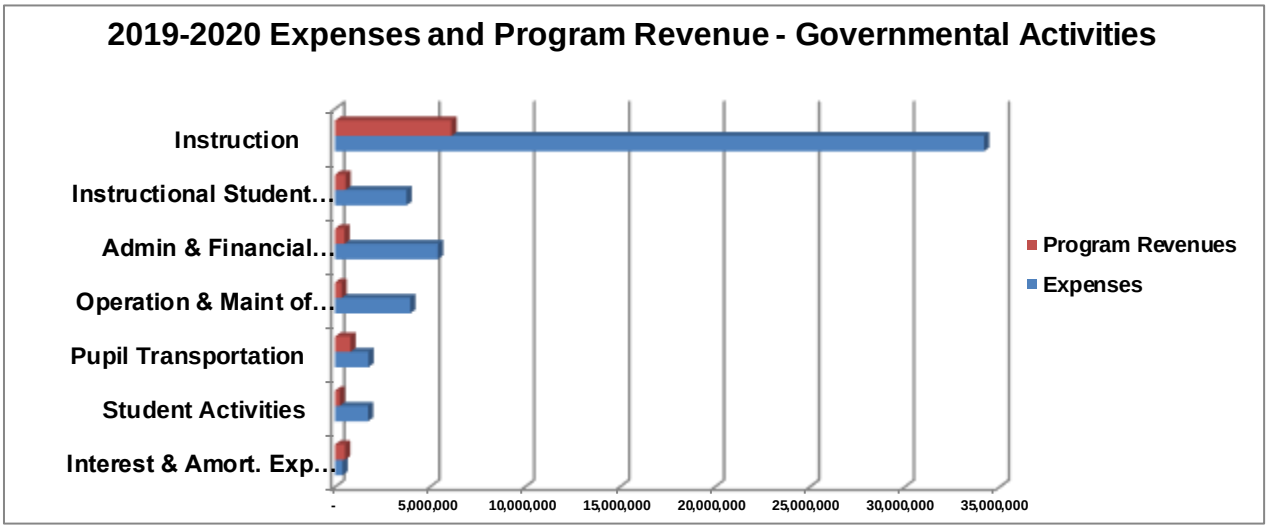
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2020, the District's net investment in capital assets, increased by $2,423,348 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with funding sources other than long-term debt.

The following table presents condensed information for the *Statement of Activities* of the District for 2019 and 2018:

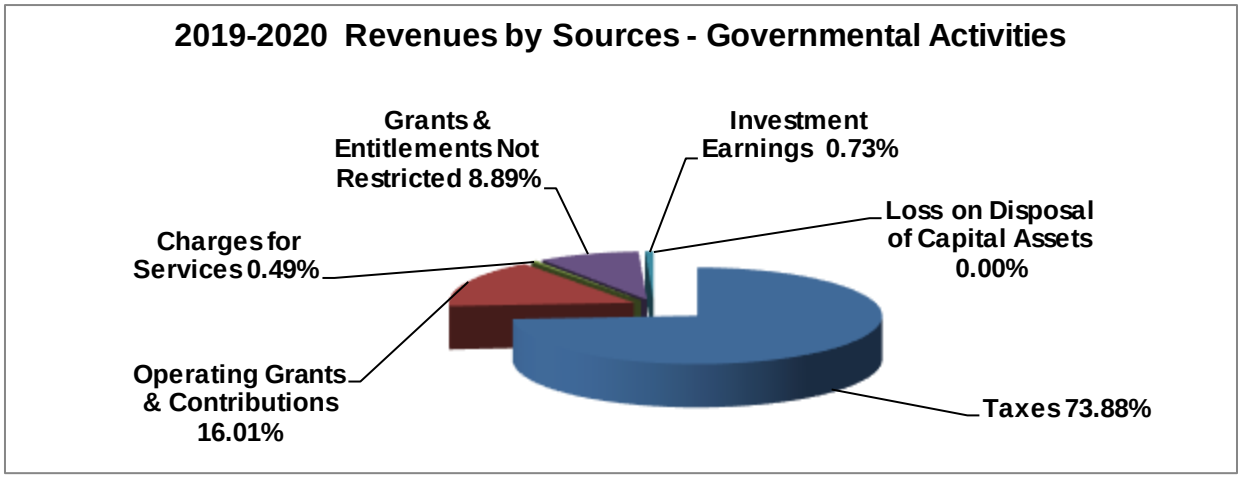
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	$ 267,100	$ 157,811	$ 939,646	$1,299,319	$ 1,206,746	$ 1,457,130
Operating grants and contributions	8,793,287	8,749,597	628,521	736,116	9,421,808	9,485,713
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	36,825,916	35,894,899	-	-	36,825,916	35,894,899
Other taxes levied for general purposes	3,742,172	3,810,964	-	-	3,742,172	3,810,964
Grants and entitlements not restricted to specific programs	4,883,747	4,652,159	-	-	4,883,747	4,652,159
Investment earnings	399,011	518,498	4,173	8,469	403,184	526,967
Loss on disposal of capital assets	(835)	(445)	-	-	(835)	(445)
Total revenues	54,910,398	53,783,483	1,572,340	2,043,904	56,482,738	55,827,387
EXPENSES						
Instruction	34,167,195	34,527,368	-	-	34,167,195	34,527,368
Instructional student support services	3,758,224	3,755,993	-	-	3,758,224	3,755,993
Administrative and financial support services	5,411,109	5,750,007	-	-	5,411,109	5,750,007
Operation and maintenance of plant services	3,955,614	4,090,643	-	-	3,955,614	4,090,643
Pupil transportation	1,754,370	1,765,443	-	-	1,754,370	1,765,443
Student activities	1,730,808	1,273,134	-	-	1,730,808	1,273,134
Community services	6,000	6,000	-	-	6,000	6,000
Interest and amortization expense related to non-current liabilities	390,651	537,846	-	-	390,651	537,846
Food service	-	-	1,523,058	1,579,800	1,523,058	1,579,800
Child care	-	-	498,822	518,727	498,822	518,727
Total expenses	51,173,971	51,706,434	2,021,880	2,098,527	53,195,851	53,804,961
Change in net position (deficit) before transfers	3,736,427	2,077,049	(449,540)	(54,623)	3,286,887	2,022,426
Transfers	(255,738)	(17,595)	255,738	17,595	-	-
CHANGE IN NET POSITION (DEFICIT)	$ 3,480,689	$ 2,059,454	$ (193,802)	$ (37,028)	$ 3,286,887	$ 2,022,426

During 2019-2020, the District's net position increased by $3,286,887 in part due to savings in salaries, medical and other benefit costs, utilities and freezes implemented in March 2020 due to COVD -19 for building, department and manager allocations. Future pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A significant portion of the District's property tax base is in the form of residential housing. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting.



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



GOVERNMENTAL FUNDS

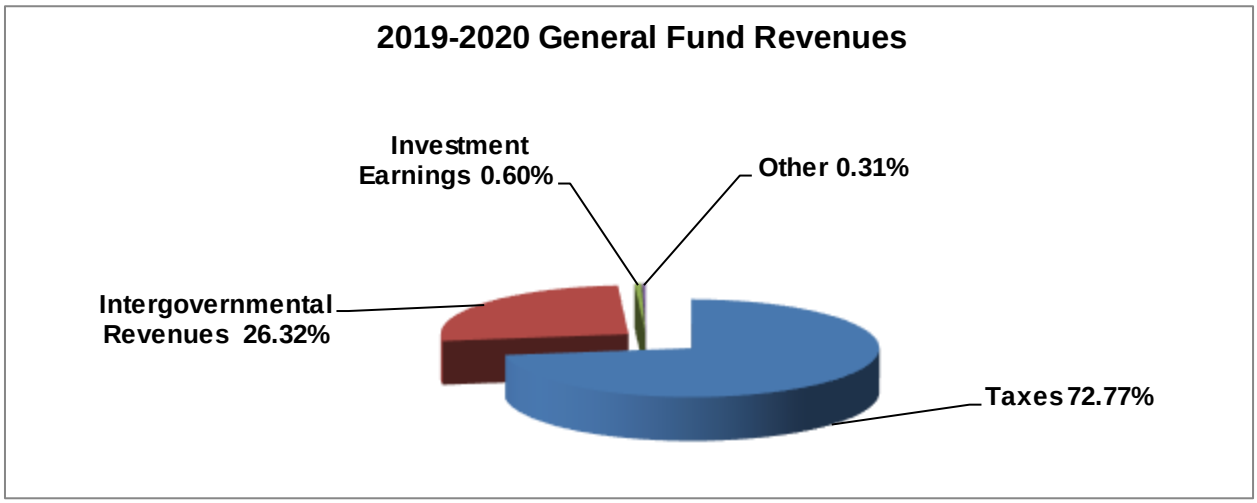
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2020, the District's governmental funds reported a combined fund balance of $12,361,623 which is an increase of $1,352,978 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2020 and 2019 and the total 2020 change in governmental fund balances.

	2020	2019	Change
General Fund	$ 9,371,402	$ 7,810,648	$1,560,754
Capital Projects Fund	2,974,382	3,184,144	(209,762)
Public Purpose Trust Fund	15,839	13,853	1,986
	$12,361,623	$11,008,645	$1,352,978

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2019-2020 fiscal year, the General Fund fund balance was $9,371,402 representing an increase of $1,560,754 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2019-2020 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 72.77% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

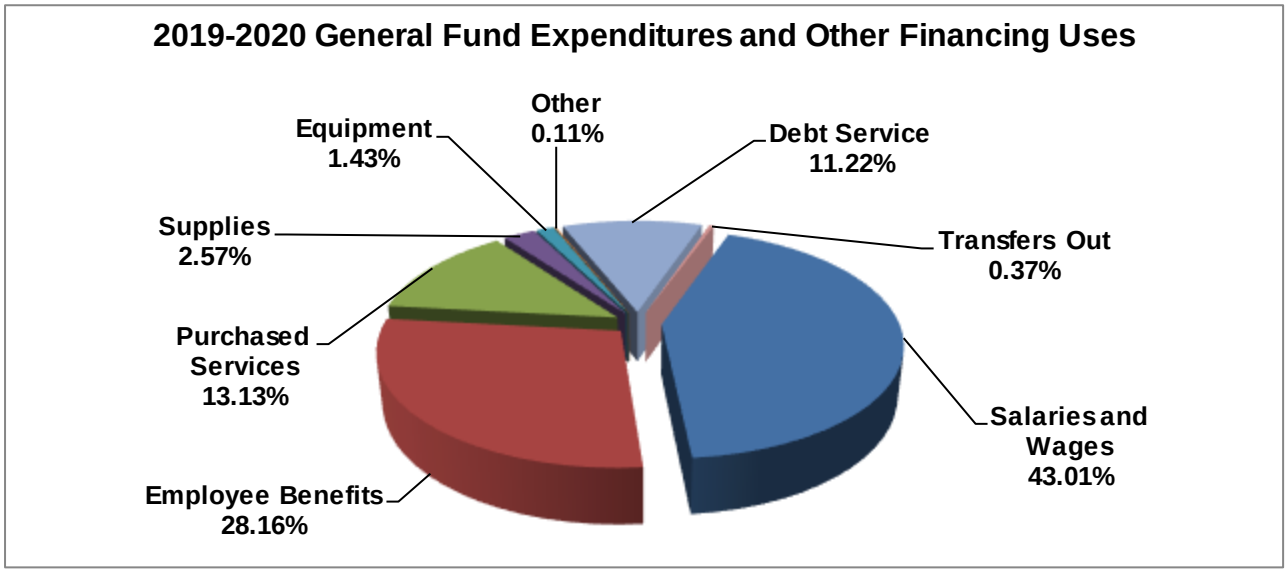
	2020	2019	$ Change	% Change
Tax revenues	$39,890,652	$39,060,603	$ 830,049	2.13
Intergovernmental revenues	14,429,417	13,975,933	453,484	3.24
Investment earnings	328,059	440,000	(111,941)	(25.44)
Other	171,310	153,345	17,965	11.72
	$54,819,438	$53,629,881	$1,189,557	2.22

Net tax revenues increased by $830,049 or 2.13% due to several factors. A millage increase of 1.70% in 2019-2020 coupled with an increase in property assessment accounted for the current year increase in tax revenue. The following table summarizes the changes in the District's tax revenues for 2020 compared to 2019:

	2020	2019	$ Change	% Change
Real estate tax	$35,451,516	$34,525,308	$926,208	2.68
Interim tax	212,303	215,944	(3,641)	(1.69)
PURTA tax	35,039	38,031	(2,992)	(7.87)
Earned income tax	3,216,108	3,268,461	(52,353)	(1.60)
Transfer tax	526,064	542,235	(16,171)	(2.98)
Delinquent tax	449,622	470,624	(21,002)	(4.46)
	$39,890,652	$39,060,603	$830,049	2.13

Intergovernmental revenues increased as a direct result of an increase in basic and special education subsidies and an increase in the state share for retirement expense in 2019-2020 when compared to 2018-2019.

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



General Fund Expenditures and Other Financing Uses

	2020	2019	$ Change	% Change
Salaries and wages	$22,909,513	$22,460,157	$ 449,356	2.00
Employee benefits	14,997,561	14,680,619	316,942	2.16
Purchased services	6,991,862	6,526,335	465,527	7.13
Supplies and energy	1,368,230	1,757,635	(389,405)	(22.16)
Equipment	760,272	819,578	(59,306)	(7.24)
Other	57,232	51,836	5,396	10.41
Debt service	5,979,014	5,766,637	212,377	3.68
Transfers out	195,000	975,000	(780,000)	(80.00)
	$53,258,684	$53,037,797	$ 220,887	0.42

Salaries and wages increased by $449,356 or 2.00% in 2019-2020 compared to 2018-2019 as a result of scheduled salary increases within the District's negotiated collective bargaining agreement as well as increases for other staff.

Employee benefits increased primarily due to an increase in the required annual retirement contribution to 34.29% from 33.43% which represents a 2.51% increase over the prior year. Health insurance costs also continue to rise. The District is self-insured and received an approximately 10.25% increase in its pseudo-rate for 2020 compared to 2019.

Transfers out decreased as the School Board was unable to appropriate a Capital Projects Fund transfer due in large part for concerns related to the COVID-19 shutdown.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2019-2020, the Capital Projects Fund reported a decrease in fund balance of $209,762 due to capital expenditures in the current year. The remaining fund balance of $2,974,382 as of June 30, 2020 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

Actual revenues were $432,808 more than budgeted amounts and actual expenditures and other financing uses were $1,905,326 less than budgeted amounts resulting in a net overall positive variance of $2,338,134. Major budgetary highlights for 2019-2020 were as follows:

- Total actual expenditures were under budget by $1,700,343. This surplus is due to savings in the areas of salaries, medical insurance, other employee benefits, utilities and freezes implemented in March 2020 due to COVID-19 for building, department and manager allocations.

- Other financing sources (uses) were over budget by $195,000 due to an unbudgeted transfer of funds to the Food Services Fund to help offset wages which were required to be paid to employees by Commonwealth of Pennsylvania Act 13 during the COVID-19 shutdown in the 2019-2020 school year.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2019-2020, the net position of the business-type activities decreased by $193,802. The net position of the Food Service Fund decreased by $67,999 and the net position of the School-Age Child Care Fund decreased by $125,803. As of June 30, 2020, the business-type activities had a deficit in net position of $2,737,678. The Food Service Fund had an increase in net position of $5,009 and the School-Age Child Care Fund had a decrease in net position of $114,488 prior to the recognition of the changes in the net pension and other post-employment benefit liabilities.

CAPITAL ASSETS

The District's net capital assets for its governmental and business-type activities as of June 30, 2020 amounted to $46,288,024 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements and furniture and equipment. The total decrease in the District's net investment in capital assets for the current fiscal year was $3,129,001 or 6.33%. The decrease was the result of current year depreciation expense and loss on disposals in excess of capital additions.

Current year depreciation expense and loss on disposals were $3,384,420 and capital expenditures were $255,419.

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $13,466,479 consisting of $6,030,000 in bonds payable, $7,418,000 in notes payable, and $18,479 unamortized bond premiums. The entire amount is backed by the full faith and credit of the District. The District's general obligation debt (net of unamortized premium) decreased by $5,598,236 or 29.36% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is $119,284,654 which exceeds the District's outstanding general obligation debt as of June 30, 2020.

The District maintains an AA rating from Standard and Poor's.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employees' Retirement System (***"PSERS"***). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $77,565,564 as of June 30, 2020. The District's net pension liability decreased by $2,938,436 or 3.65% during the fiscal year.

The District reports a liability for its other post-employment benefits (***"OPEB"***) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's net OPEB liability is an actuarially determined estimate of the unfunded cost of the total OPEB liability which totaled $7,024,542 as of June 30, 2020. The District's net OPEB liability increased by $812,280 or 13.08% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for capital leases and accrued retirement bonuses, which totaled $3,334,374 as of June 30, 2020. These liabilities increased by $84,558 or 2.60% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The implications of COVID-19 continue to impact the District in ways unimagined since early 2020. From online learning to deep cleaning efforts, staffing impacts and wide-spread financial declines, the District has seen the effects of this emergency. The Board has taken a cautious approach, trying to keep staffing levels as close to "normal" as possible while holding the line on any property tax increase for 2020-2021 and extending discount periods. The District is data-driven and hope to continue gathering information as we look to build future budgets. All internal groups are aware of the concerns and continue to rise up to meet the challenges.

The District adopted a 2020-2021 budget totaling $56,509,534 including a budgeted use of fund balance of $2,995,944 in General Fund fund balance as of June 30, 2020 and the real estate tax millage was held flat at 16.9269 mills.

As we have seen throughout the nation, the economic situation is having an effect on the public sector. Challenges face many school districts in Pennsylvania on a number of issues. With the passage of Act 1 of 2006, our District is faced with a cap on the amount of money that can be funded from a property tax increase without voter referendums. This cap is based upon a percentage calculated and provided by the Pennsylvania Department of Education. While some exceptions may apply that would allow for a tax increase in excess of the index, the District will face pressure to keep tax increases at or below the allowable increase for the foreseeable future. In addition, recent legislation has severely hampered the potential benefits of using special exceptions in future years. Another implication of the new law includes earlier budgetary planning cycles.

In addition to demonstrating proficiency of the Pennsylvania Core and Academic Standards, our District is faced with additional challenges from the mandates imposed by the Federal government through the reauthorization of the Elementary and Secondary Education Act, or Every Student Succeeds Act (***"ESSA"***). ESSA has far-reaching requirements on standardized testing; reporting academic performance; adequate yearly progress goals; teacher qualifications, certifications, and training; disaggregation of student achievement data; the education of English Language Learners and extensive reporting to the community. It will require a continued, and possibly greater, emphasis on investment in curricular materials, staff development, and communication to comply with ESSA's mandates.

Many school districts face the common problem of escalating costs for employee benefits, particularly the retirement expenses of the Public School Employees' Retirement System (***"PSERS"***) and, as in the case for our District, self-insured healthcare costs. Both of these costs are set by outside influences and, therefore, are not discretionary costs that can be controlled by District management.

Market performance of the invested PSERS funds have resulted in estimated increases that will affect our employer contributions for years to come. While the actual effect of the current market has yet to be determined, higher employer costs in the short term and dramatically higher rates in the future are being planned for by the District through the use of an assigned fund balance integrated with millage increases. This condition will have an alarming effect on school district budgeting across the Commonwealth and has led to significant reductions in programs and services. The portion of funds assigned in the District's fund balance to be used to contain the projected increases in the employer share of PSERS will not be enough to alleviate the problem, but it will allow the District to prudently plan for any potential changes. The District is fortunate to have anticipated the looming crisis and fortunate to have assigned funds to help lessen the dramatic impact that other school districts may experience.

The Commonwealth has attempted to lessen the burden of the Public School Employees' Retirement System (***"PSERS"***) and reduce benefits for individuals who become new members of PSERS. However, the employer contribution rate for 2020-2021 is 34.51%, which is an increase of 0.64% from the 2019-2020 employer contribution rate of 34.29%. The employer contribution rate for 2021-2022 is projected at 34.95% and expected to continue to climb to 35.62% in 2022-2023.

The costs of medical benefits will continue to have an effect on the District budget, as the District continues to offer a competitive benefits package to employees through the District's self-insured plan. The District continues to implement various strategies to lower the pace of medical inflation

Maintaining an appropriate physical environment for learning requires investment in the construction, expansion, and renovation of school facilities. This is a well-planned and ongoing process in our District, accompanied by constant monitoring of enrollment trends and financial implications for the District. The District recently completed a comprehensive Feasibility Study looking at every building, the educational delivery system and growth projections. This Study included many recommendations addressing campus safety, large and small renovations and a new Kindergarten/Early Childhood Center. The Board of School Directors approved the study but continues to monitor the economic climate and discuss options. Further details of the Study and recommendations may be found on the District website at https://www.l-spioneers.org/Departments/Buildings-And-Grounds/Feasibility-Study/.

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

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Lampeter-Strasburg School District, PO Box 428, Lampeter, PA 17537.

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and cash equivalents	$ 3,923,065	$ 172,351	$ 4,095,416
Investments	13,876,682	111,806	13,988,488
Taxes receivable	1,116,418	-	1,116,418
Due from other governments	2,195,392	7,546	2,202,938
Internal balances	112,390	(112,390)	-
Other receivables	436,620	-	436,620
Inventories	59,460	78,376	137,836
Total current assets	21,720,027	257,689	21,977,716
NONCURRENT ASSETS			
Capital assets, net	46,142,087	145,937	46,288,024
Total assets	67,862,114	403,626	68,265,740
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges - pension	9,281,955	366,647	9,648,602
Deferred charges - OPEB	1,403,521	59,252	1,462,773
Deferred amounts on debt refunding	33,645	-	33,645
Total deferred outflows of resources	10,719,121	425,899	11,145,020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)			
CURRENT LIABILITIES			
Accounts payable	670,462	1,674	672,136
Accrued salaries, payroll withholdings and benefits	5,832,823	28,924	5,861,747
Due to other governments	398,565	-	398,565
Accrued interest payable	94,694	-	94,694
Unearned revenue	9,241	92,811	102,052
Total current liabilities	7,005,785	123,409	7,129,194
NONCURRENT LIABILITIES			
Due within one year	5,835,324	-	5,835,324
Due in more than one year	92,260,073	3,295,562	95,555,635
Total noncurrent liabilities	98,095,397	3,295,562	101,390,959
Total liabilities	105,101,182	3,418,971	108,520,153
DEFERRED INFLOWS OF RESOURCES			
Deferred credits - pension	3,558,736	140,573	3,699,309
Deferred credits - OPEB	181,416	7,659	189,075
Total deferred outflows of resources	3,740,152	148,232	3,888,384
NET POSITION (DEFICIT)			
Net investment in capital assets	32,709,253	145,937	32,855,190
Restricted	2,990,221	-	2,990,221
Unrestricted (deficit)	(65,959,573)	(2,883,615)	(68,843,188)
Total net position (deficit)	$ (30,260,099)	$ (2,737,678)	$ (32,997,777)

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction	$ 34,167,195	$ 39,547	$ 6,081,547	$ -	$ (28,046,101)	$ -	$ (28,046,101)
Instructional student support	3,758,224	-	542,932	-	(3,215,292)	-	(3,215,292)
Administrative and financial support services	5,411,109	-	497,686	-	(4,913,423)	-	(4,913,423)
Operation and maintenance of plant services	3,955,614	89,903	247,626	-	(3,618,085)	-	(3,618,085)
Pupil transportation	1,754,370	2,720	809,644	-	(942,006)	-	(942,006)
Student activities	1,730,808	134,930	99,935	-	(1,495,943)	-	(1,495,943)
Community services	6,000	-	-	-	(6,000)	-	(6,000)
Interest and amortization expense related to noncurrent liabilities	390,651	-	513,917	-	123,266	-	123,266
Total governmental activities	51,173,971	267,100	8,793,287	-	(42,113,584)	-	(42,113,584)
BUSINESS-TYPE ACTIVITIES							
Food service	1,523,058	627,440	571,428	-	-	(324,190)	(324,190)
Child care	498,822	312,206	57,093	-	-	(129,523)	(129,523)
Total business-type activities	2,021,880	939,646	628,521	-	-	(453,713)	(453,713)
Total primary government	$ 53,195,851	$ 1,206,746	$ 9,421,808	$ -	(42,113,584)	(453,713)	(42,567,297)
GENERAL REVENUES							
Property taxes levied for general purposes					36,825,916	-	36,825,916
Other taxes levied for general purposes					3,742,172	-	3,742,172
Grants and entitlements not restricted to specific programs					4,883,747	-	4,883,747
Investment earnings					399,011	4,173	403,184
Loss on disposal of capital assets					(835)	-	(835)
TRANSFERS					(255,738)	255,738	-
Total general revenues and transfers					45,594,273	259,911	45,854,184
CHANGE IN NET POSITION (DEFICIT)					3,480,689	(193,802)	3,286,887
NET POSITION (DEFICIT)							
Beginning of year					(33,740,788)	(2,543,876)	(36,284,664)
End of year					$ (30,260,099)	$ (2,737,678)	$ (32,997,777)

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	Major Funds			
	General Fund	Capital Projects Fund	Public Purpose Trust	Total
ASSETS				
Cash and cash equivalents	$ 2,717,184	$ 430,600	$ 15,839	$ 3,163,623
Investments	10,043,787	2,543,782	-	12,587,569
Taxes receivable, net	1,116,418	-	-	1,116,418
Due from other funds	290,607	-	-	290,607
Due from other governments	2,195,392	-	-	2,195,392
Other receivables	25,088	-	-	25,088
Inventories	59,460	-	-	59,460
Total assets	$ 16,447,936	$ 2,974,382	$ 15,839	$ 19,438,157
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 268,342	$ -	$ -	$ 268,342
Due to other funds	178,217	-	-	178,217
Accrued salaries, payroll withholdings and benefits	5,832,823	-	-	5,832,823
Due to other governments	398,565	-	-	398,565
Unearned revenue	68,847	-	-	68,847
Total liabilities	6,746,794	-	-	6,746,794
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property and per capita taxes	329,740	-	-	329,740
FUND BALANCES				
Nonspendable				
Inventories	59,460	-	-	59,460
Restricted for				
Capital projects	-	2,974,382	-	2,974,382
Student organizations	-	-	15,839	15,839
Committed for				
Debt service	1,070,000	-	-	1,070,000
Assigned to				
Employer retirement rate stabilization	1,300,000	-	-	1,300,000
Property tax assessment appeals	171,710	-	-	171,710
Technology initiatives	48,000	-	-	48,000
Unassigned	6,722,232	-	-	6,722,232
Total fund balances	9,371,402	2,974,382	15,839	12,361,623
Total liabilities, deferred inflows of resources and fund balances	$ 16,447,936	$ 2,974,382	$ 15,839	$ 19,438,157

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

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

June 30, 2020

TOTAL GOVERNMENTAL FUND BALANCES	$ 12,361,623
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	46,142,087
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	33,645
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	6,945,324
Some of the District's property taxes and certain other receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	389,346
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	2,057,967
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(98,095,397)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(94,694)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ (30,260,099)

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

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

Year ended June 30, 2020

	Major Funds			
	General Fund	Capital Projects Fund	Public Purpose Trust	Total
REVENUES				
Local sources	$ 40,600,409	$ 46,674	$ 3,503	$ 40,650,586
State sources	13,150,093	-	-	13,150,093
Federal sources	1,068,936	-	-	1,068,936
Total revenues	54,819,438	46,674	3,503	54,869,615
EXPENDITURES				
Current				
Instruction	31,513,577	-	-	31,513,577
Support services	14,488,674	-	-	14,488,674
Operation of noninstructional services	1,082,402	-	1,517	1,083,919
Facilities acquisition, construction and improvement services	-	200,161	-	200,161
Debt service	5,979,014	53,441	-	6,032,455
Total expenditures	53,063,667	253,602	1,517	53,318,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,755,771	(206,928)	1,986	1,550,829
OTHER FINANCING SOURCES (USES)				
Proceeds from extended term financing	-	57,904	-	57,904
Refund of prior year receipts	(17)	-	-	(17)
Transfers in	-	-	-	-
Transfers out	(195,000)	(60,738)	-	(255,738)
Total other financing sources (uses)	(195,017)	(2,834)	-	(197,851)
NET CHANGE IN FUND BALANCES	1,560,754	(209,762)	1,986	1,352,978
FUND BALANCES				
Beginning of year	7,810,648	3,184,144	13,853	11,008,645
End of year	$ 9,371,402	$ 2,974,382	$ 15,839	$ 12,361,623

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

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

Year ended June 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 1,352,978
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and the net book value of disposed assets exceeded capital outlays in the current period.		
Capital outlay expenditures	$ 194,681	
Net book value of disposed assets	(6,437)	
Depreciation expense	(3,360,955)	(3,172,711)
Because some property taxes and certain other receivables will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount in the current period.		
Deferred inflows of resources June 30, 2019	(366,317)	
Deferred inflows of resources June 30, 2020	389,346	23,029
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.		1,116,626
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of bonds and notes payable	5,568,000	
Proceeds from extended term financing	(57,904)	
Repayment of extended term financing	39,511	
Amortization of premiums and deferred amounts on refunding	(15,651)	5,533,956
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.		
Current year change in accrued interest payable	49,944	
Change in net pension liability and related deferred inflows and outflows	(1,198,196)	
Current year change in accrued retirement bonuses	(61,332)	
Change in net OPEB liability and related deferred inflows and outflows	(163,605)	(1,373,189)
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		$ 3,480,689

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2020

	Major Funds			
	Food Service Fund	School-Age Child Care Fund	Total	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	$ 43,971	$ 128,380	$ 172,351	$ 759,442
Investments	-	111,806	111,806	1,289,113
Due from other governments	7,546	-	7,546	-
Due from other funds	113,226	64,991	178,217	-
Other receivables	-	-	-	411,532
Inventories	78,376	-	78,376	-
Total current assets	243,119	305,177	548,296	2,460,087
NONCURRENT ASSETS				
Capital assets, net	145,937	-	145,937	-
Total assets	389,056	305,177	694,233	2,460,087
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - pension	254,724	111,923	366,647	-
Deferred charges - OPEB	38,512	20,740	59,252	-
Total deferred outflows of resources	293,236	132,663	425,899	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	$ -	$ 1,674	$ 1,674	$ 402,120
Due to other funds	290,607	-	290,607	-
Accrued salaries, payroll withholdings and benefits	15,059	13,865	28,924	-
Unearned revenue	92,811	-	92,811	-
Total current liabilities	398,477	15,539	414,016	402,120
NONCURRENT LIABILITIES				
Due within one year	-	-	-	-
Due in more than one year	2,293,636	1,001,926	3,295,562	-
Total noncurrent liabilities	2,293,636	1,001,926	3,295,562	-
Total liabilities	2,692,113	1,017,465	3,709,578	402,120
DEFERRED INFLOWS OF RESOURCES				
Deferred charges - pension	97,662	42,911	140,573	-
Deferred charges - OPEB	4,977	2,682	7,659	-
Total deferred inflows of resources	102,639	45,593	148,232	-
NET POSITION (DEFICIT)				
Net investment in capital assets	145,937	-	145,937	-
Unrestricted (deficit)	(2,258,397)	(625,218)	(2,883,615)	2,057,967
Total net position (deficit)	$ (2,112,460)	$ (625,218)	$ (2,737,678)	$ 2,057,967

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUNDS

Year ended June 30, 2020

	Major Funds			
	Food Service Fund	School-Age Child Care Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 627,440	$ 312,206	$ 939,646	$ 5,400,681
OPERATING EXPENSES				
Salaries	555,890	287,558	843,448	-
Employee benefits	384,726	189,939	574,665	4,308,263
Purchased professional and technical services	14,294	560	14,854	-
Supplies	551,120	20,765	571,885	-
Depreciation	17,028	-	17,028	-
Total operating expenses	1,523,058	498,822	2,021,880	4,308,263
Operating income (loss)	(895,618)	(186,616)	(1,082,234)	1,092,418
NONOPERATING REVENUES				
Earnings on investments	453	3,720	4,173	24,208
State sources	139,045	57,093	196,138	-
Federal sources	432,383	-	432,383	-
Total nonoperating revenues	571,881	60,813	632,694	24,208
CHANGE IN NET POSITION (DEFICIT) BEFORE TRANSFERS	(323,737)	(125,803)	(449,540)	1,116,626
TRANSFERS IN	255,738	-	255,738	-
CHANGE IN NET POSITION (DEFICIT)	(67,999)	(125,803)	(193,802)	1,116,626
NET POSITION (DEFICIT)				
Beginning of year	(2,044,461)	(499,415)	(2,543,876)	941,341
End of year	$ (2,112,460)	$ (625,218)	$ (2,737,678)	$ 2,057,967

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2020

	Major Funds			
	Food Service Fund	School-Age Child Care Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	$ 654,386	$ 307,859	$ 962,245	$ -
Cash received from assessments made to other funds	-	-	-	5,304,306
Cash payments to employees for services	(874,450)	(457,379)	(1,331,829)	-
Cash payments for insurance claims	-	-	-	(5,132,063)
Cash payments to supplies for goods and services	(517,511)	(20,956)	(538,467)	-
Net cash provided by (used for) operating activities	(737,575)	(170,476)	(908,051)	172,243
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	145,739	57,093	202,832	-
Federal sources	352,002	-	352,002	-
Net cash provided by noncapital financing activities	497,741	57,093	554,834	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(60,738)	-	(60,738)	-
Transfers in	255,738	-	255,738	-
Net cash provided by capital and related financing activities	195,000	-	195,000	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	453	3,720	4,173	24,208
Net sale (purchase) of investments	-	146,896	146,896	(21,953)
Net cash provided by investing activities	453	150,616	151,069	2,255
Net increase (decrease) in cash	(44,381)	37,233	(7,148)	174,498
CASH				
Beginning of year	88,352	91,147	179,499	584,944
Ending of year	$ 43,971	$ 128,380	$ 172,351	$ 759,442
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (895,618)	$ (186,616)	$ (1,082,234)	$ 1,092,418
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities				
Depreciation	17,028	-	17,028	-
Donated commodities used	73,116	-	73,116	-
(Increase) decrease in				
Due from other funds	(3,272)	(6,132)	(9,404)	-
Other receivables	1,821	1,785	3,606	(96,375)
Inventories	(20,216)	-	(20,216)	-
Increase (decrease) in				
Accounts payable	(4,997)	369	(4,628)	(823,800)
Due to other funds	(15,098)	(10,964)	(26,062)	-
Accrued salaries, payroll withholdings and benefits	9,818	13,373	23,191	-
Unearned revenue	28,397	-	28,397	-
Noncurrent liabilities and deferred charges and credits	71,446	17,709	89,155	-
Net cash provided by (used for) operating activities	$ (737,575)	$ (170,476)	$ (908,051)	$ 172,243
SUPPLEMENTAL DISCLOSURE				
Noncash noncapital financing activity				
USDA donated commodities	$ 73,116	$ -	$ 73,116	$ -

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2020

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 203,194	$ 150,137
LIABILITIES		
Accounts payable	2,800	19,440
Due to student groups	-	130,697
Total liabilities	2,800	$ 150,137
NET POSITION		
Net position held in trust for scholarships	$ 200,394	

See accompanying notes

LAMPETER-STRASBURG SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND

Year ended June 30, 2020

	Private-Purpose Trust
ADDITIONS	
Gifts and contributions	$ 5,801
Investment earnings	885
Total additions	6,686
DEDUCTIONS	
Scholarships awarded and fees paid	6,700
CHANGE IN NET POSITION	(14)
NET POSITION	
Beginning of year	200,408
End of year	$200,394

See accompanying notes

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lampeter-Strasburg School District (the ***"District"***) operates two elementary schools, one middle school and a high school to provide education and related services to the residents in the Townships of Strasburg and West Lampeter and the Borough of Strasburg. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the ***"School Board"***).

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

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of the related cash flows. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Revenue Recognition

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

Expenditure Recognition

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

Proprietary Funds

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

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

The School-Age Child Care Fund accounts for tuition revenue and program expenses for a program designed to provide care for students after school hours.

The Internal Service Fund is used to account for hospitalization costs which are services provided to the District's employees as benefits.

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

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a private-purpose trust and agency fund. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The agency fund accounts for funds held on behalf of the students in the District. The measurement focus and basis of accounting for the private-purpose trust is the same as for proprietary funds, while the agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Cash and Cash Equivalents

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

Investments

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

Fair Value Measurements of Assets and Liabilities

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

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

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

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

Interfund Receivables and Payables

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

Property Taxes

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

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

The County Board of Assessments determines assessed valuations of property and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2019-2020 was 16.9269 mills ($16.93 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. The District has no property taxes receivable greater than 3 years old.

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

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

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

Unearned Revenues

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

Prepaid Items and Inventories

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

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings – 40 years; building improvements – 20 years; land improvements – 20 years; furniture, fixtures and equipment – 5-12 years; vehicles – 5-10 years.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2020.

Long-Term Obligations

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

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

Fund Equity

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

Non-spendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

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

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

Use of Estimates

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

New Accounting Pronouncements

GASB Statement No. 84 *"Fiduciary Activities"* will be effective for the District for the year ended June 30, 2021. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 90 *"Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61"* will effective for the District for the year ended June 30, 2021. GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

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

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

(3) DEPOSITS AND INVESTMENTS

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2020, the carrying amount of the District's deposits was $13,937,519 and the bank balance was $14,174,713. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $500,000 was covered by federal depository insurance and $7,195,855 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (***"PSDLAF"***). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2020, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

Investments

As of June 30, 2020, the District had the following investments:

		Investment Maturities (In Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 – 5**	**6 – 10**	**11 – 15**
Certificates of deposit	$2,068,048	$2,068,048	$ -	$ -	$ -
Government and agency bonds	2,431,668	2,431,668	-	-	-
	$4,499,716	$4,499,716	$ -	$ -	$ -

PSDLAF collateralized investment pool and government and agency bonds were valued using Level 2 inputs.

Reconciliation of Investments to the Financial Statements

Total investments above	$ 4,499,716
Time deposits classified as investments on balance sheet	9,488,772
Total investments per financial statements	$13,988,488

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2020.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District was subject to interest rate risk to the extent interest rate changes impact the District's investments.

Credit Risk

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

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and improvements	$ 6,159,900	$ -	$ -	$ 6,159,900
Construction in progress	5,546,221	75,091	5,621,312	-
Total capital assets not being depreciated	11,706,121	75,091	5,621,312	6,159,900
Capital assets being depreciated				
Buildings and improvements	83,396,864	5,626,042	-	89,022,906
Furniture and equipment	4,001,486	114,860	155,573	3,960,773
Total capital assets being depreciated	87,398,350	5,740,902	155,573	92,983,679
Less accumulated depreciation for				
Buildings and improvements	(47,707,649)	(2,984,699)	-	(50,692,348)
Furniture and equipment	(2,082,024)	(376,256)	(149,136)	(2,309,144)
Total accumulated depreciation	(49,789,673)	(3,360,955)	(149,136)	(53,001,492)
Total capital assets being depreciated, net	37,608,677	2,379,947	6,437	39,982,187
Governmental activities, net	$ 49,314,798	$ 2,455,038	$5,627,749	$ 46,142,087
Business-type activities				
Capital assets being depreciated				
Machinery and equipment	$ 526,495	$ 60,738	$ -	$ 587,233
Less accumulated depreciation				
Machinery and equipment	(424,268)	(17,028)	-	(441,296)
Business-type activities, net	$ 102,227	$ 43,710	$ -	$ 145,937

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

Governmental activities	
Instruction	$2,374,441
Administrative and financial support services	133,342
Operation and maintenance of plant services	156,289
Pupil transportation	44,421
Student activities	652,462
Total depreciation expense – governmental activities	$3,360,955
Business-type activities	
Food service	$ 17,028

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

Receivable To	Amount	Payable From	Amount
School-Age Child Care Fund	$ 64,991	General Fund	$ 64,991
Food Service Fund	113,226	General Fund	113,226
General Fund	290,607	Food Service Fund	290,607
	$468,824		$468,824

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

A summary of interfund transfers for the year ended June 30, 2020 is as follows:

Transfers In	Amount	Transfers Out	Amount
Food Service Fund	$195,000	General Fund	$195,000
Food Service Fund	60,738	Capital Projects Fund	60,738
	$255,738		$255,738

Transfers from the General Fund to the Food Service Fund represent transfers to subsidize costs associated with food service operations. A transfer was made from the Capital Projects Fund to the Food Service Fund as a capital contribution.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Amount Due Within One Year
Governmental activities					
General obligation debt					
Bonds payable	$ 6,570,000	$ -	$ 540,000	$ 6,030,000	$ 545,000
Notes payable	12,446,000	-	5,028,000	7,418,000	5,233,000
Bond premiums	48,715	-	30,236	18,479	15,090
Total general obligation debt	19,064,715	-	5,598,236	13,466,479	5,793,090

Other noncurrent liabilities					
Capital leases	101,195	57,904	39,511	119,588	42,234
Accrued retirement bonuses	3,125,363	61,332	-	3,186,695	-
OPEB liability	2,599,665	721,433	-	3,321,098	-
Net OPEB liability – PSERS	3,354,389	29,076	-	3,383,465	-
Net pension liability – PSERS	77,444,848	-	2,826,776	74,618,072	-
Total other noncurrent liabilities	86,625,460	869,745	2,866,287	84,628,918	42,234
Total governmental activities	105,690,175	869,745	8,464,523	98,095,397	5,835,324
Business-type activities					
Accrued retirement bonuses	23,258	4,833	-	28,091	-
OPEB liability	116,597	60,543	-	177,140	-
Net OPEB liability – PSERS	141,611	1,228	-	142,839	-
Net pension liability – PSERS	3,059,152	-	111,660	2,947,492	-
Total business-type activities	3,340,618	66,604	111,660	3,295,562	-
Total noncurrent liabilities	$109,030,793	$936,349	$8,576,183	$101,390,959	$5,835,324

Non-current liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are liquidated by the Food Service and School-Age Child Care Funds.

(7) GENERAL OBLIGATION DEBT

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

General obligation debt outstanding as of June 30, 2020 consisted of the following:

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General obligation bonds				
Series of 2017	2.41%	$ 7,555,000	03/01/2027	$ 6,030,000
General obligation notes				
Series of 2002	2.01% - 2.64%	$15,000,000	02/05/2022	2,193,000
Series of 2014	0.50% - 3.00%	$ 9,995,000	02/15/2022	5,225,000
Total general obligation notes				7,418,000
Total general obligation debt				$13,448,000

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

Year ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2021	$ 5,778,000	$307,291	$ 6,085,291
2022	4,740,000	176,325	4,916,325
2023	560,000	70,613	630,613
2024	575,000	57,117	632,117
2025	585,000	43,259	628,259
2026-2027	1,210,000	43,862	1,253,862
	$13,448,000	$698,467	$14,146,467

Interest Rate Management Plan

The General Obligation Notes, Series of 2002, of the District have been issued to the Delaware Valley Regional Finance Authority (***"DVRFA"***). The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units (***"participants"***) for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the District, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans. In order to provide this option to participants, DVRFA has entered into interest rate swap agreements with financial institutions. In the event that the swap agreements between DVRFA and the financial institutions are terminated and the value of the swaps to DVRFA at the time of termination is a liability, the participants are required to pay their proportionate share of the liability.

The value of the swap agreements relative to the General Obligation Notes, Series of 2002, at June 30, 2020 was an asset of $301,825. The value of the swap agreements relative to the District's General Obligation Notes, Series of 2002, is not reflected on the District's statement of net position (deficit).

(8) CAPITAL LEASES

The District has entered into long-term lease agreements for vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception dates. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of June 30, 2020 are as follows:

Year ending June 30,	Principal	Interest	Total
2021	$ 42,234	$4,685	$ 46,919
2022	36,508	2,851	39,359
2023	24,482	1,400	25,882
2024	15,279	415	15,694
2025	1,085	7	1,092
	$119,588	$9,358	$128,946

(9) ACCRUED RETIREMENT BONUSES

Upon voluntary retirement, a professional employee with qualifying years of service according to either the collective bargaining agreement or administrator agreement will receive a lump sum retirement bonus. A summary of the amount recorded as a liability for these accrued retirement bonuses is as follows for June 30, 2020:

	Governmental Activities	Business-type Activities
Accrued retirement benefit	$2,248,225	$10,015
Accumulated sick day payout	938,470	18,076
	$3,186,695	$28,091

(10) PENSION PLAN

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

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions

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

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

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

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

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.43% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were $7,595,486 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of $77,565,564 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was 0.1658 percent, which was a decrease of 0.0019 percent from its proportion measured as of June 30, 2018. As of June 30, 2020, the net pension liability of $74,618,072 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $2,947,492 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2020, the District recognized pension expense of $8,800,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	$ 427,136	$2,570,865
Changes in assumptions	741,494	-
Difference between expected and actual investment earnings	-	222,194
Changes in proportions	834,900	906,250
Difference between employer contributions and proportionate share of total contributions	49,586	-
Contributions subsequent to the measurement date	7,595,486	-
	$9,648,602	$3,699,309

$7,595,486 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, 2020 (measurement date). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Date Year ended June 30,	
2020	$ 602,220
2021	(1,388,761)
2022	(998,715)
2023	139,063
	$(1,646,193)

Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward PSERS's total pension liability as the June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Global public equity	20.00 %	5.60%
Fixed income	36.00 %	1.90%
Commodities	8.00 %	2.70%
Absolute return	10.00 %	3.40%
Risk parity	10.00 %	4.10%
Infrastructure/MLPs	8.00 %	5.50%
Real estate	10.00 %	4.10%
Alternative investments	15.00 %	7.40%
Cash	3.00 %	0.30%
Financing (LIBOR)	(20.00)%	0.70%
	100.00 %	

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, 2019.

Discount Rate

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	$96,616,430	$77,565,564	$61,434,159

Pension Plan Fiduciary Net Position

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

(11) OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2019:

Active plan members	331
Inactive plan members entitled to but not yet receiving benefits	-
Inactive plan members or beneficiaries currently receiving benefits	26
Total	357

Funding Policy

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

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, and by rolling forward the liabilities from the July 1, 2019 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $3,498,238, all of which is unfunded. As of June 30, 2020, the OPEB liability of $3,321,098 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $177,140 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit). The District's change in its OPEB liability for the year ended June 30, 2020 was as follows:

Balances as of July 1, 2019	$2,786,448
Changes for the year:	
Service cost	29,442
Interest on total OPEB liability	81,321
Differences between expected and actual experience	121,533
Change of assumptions	660,443
Benefit payments	(180,949)
Net changes	711,790
Balances as of June 30, 2020	$3,498,238

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

For the year ended June 30, 2020, the District recognized OPEB expense of 387,455. At June 30, 2020, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 97,656	$32,761
Changes in assumptions	991,209	-
	$1,088,865	$32,761

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2021	$ 239,699
2022	239,699
2023	239,699
2024	239,699
2025	97,308
	$1,056,104

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

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

	1% Decrease	Trend Rate	1% Increase
OPEB liability	$3,070,355	$3,498,238	$3,977,814

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 3.50%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
OPEB Liability	$3,756,320	$3,498,238	$3,269,519

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2020, was determined by rolling forward the OPEB liability as of July 1, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal.
- Discount rate - 3.50% - 20-year high-grade municipal rate index; previously rate of 3.00% was assumed
- Salary growth - an annual rate of 2.50%
- Assumed healthcare cost trends – 7.00% in 2019-2020, 6.00% in 2020/21 and 5.00% in 2021+.
- Mortality rates were based on the PubT.H.2000 Employee (Male and Female weighted by headcount) and projected using the MP-2018 mortality improvement scale as published by the Society of Actuaries.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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

Plan Description

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of- pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program 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 service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $190,739 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of $3,526,304 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was 0.1658 percent, which was a decrease of 0.0019 percent from its proportion measured as of June 30, 2018. As of June 30, 2020, the OPEB liability of $3,383,465 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining $142,839 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2020, the District recognized negative OPEB expense of 174,000. At June 30, 2020, 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 expected and actual experience	$ 19,826	$ -
Changes in assumptions	116,835	104,797
Net difference between projected and actual investment earnings	5,937	-
Changes in proportions	40,571	49,286
Difference between employer contributions and their proportionate share of total contributions	-	2,231
Contributions subsequent to the measurement date	190,739	-
	$373,908	$156,314

$190,739 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020 (measurement date). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Date **Year ended June 30,**	
2020	$ 1,309
2021	1,309
2022	1,120
2023	435
2024	16,173
Thereafter	6,509
	$26,855

Actuarial Assumptions

The OPEB liability as of June 30, 2019, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 2.79% – Standard & Poors 20 year municipal bond rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation rate:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

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

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.20%	0.20%
US Core Fixed Income	83.10%	1.00%
Non-US Developed Fixed	3.70%	0.00%
	100.00%	

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, 2019.

Discount Rate

The discount rate used to measure the OPEB liability was 2.79%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.79% which represents the Standard & Poor's 20-year municipal bond rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual health insurance premium assistance. As of June 30, 2019, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2019, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$3,525,762	$3,526,304	$3,526,742

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

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
District's proportionate share of the net OPEB liability	$4,017,228	$3,526,304	$3,119,451

OPEB Plan Fiduciary Net Position

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

(12) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Joint Ventures

Lancaster County Career and Technology Center

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center (***"LCCTC"***). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2019-2020 was $560,185.

Lancaster County Career and Technology Center Authority

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the ***"Authority"***). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2019-2020 was $90,951.

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

Year ending June 30,	
2021	$ 67,348
2022	67,290
2023	67,028
2024	66,747
2025	66,922
2026-2030	332,795
2031-2035	328,350
2036-2037	130,955
	$1,127,435

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

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the ***"LLIU"***). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2019-2020, the District contracted with the LLIU for special education services which totaled $1,138,539.

Lancaster-Lebanon Joint Authority

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the ***"Authority"***). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2019-2020, the District did not have any financial transactions with the Authority.

Lancaster County Tax Collection Bureau

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the ***"Bureau"***) for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The Bureau's operating expenditures are deducted from each members earned income tax distributions. During 2019-2020, the District's portion of operating expenditures for the Bureau totaled $41,848.

(13) OPERATING LEASES

Lessee

The District leases office and computer equipment under non-cancelable operating leases expiring at various dates through June 2023. Rent expense for the office and computer equipment including additional operating costs, was $257,177 for 2019-2020.

Future minimum lease payments under these leases are as follows:

Year ending June 30,	
2021	$254,989
2022	168,999
2023	104,971
	$528,959

Lessor

The District entered into an agreement to lease Strasburg Elementary School to a non-profit entity under a non-cancelable lease agreement that expired May 30, 2019, at which point the lease became month to month until either party gives written notice based on the terms of the lease. Rental payments are due monthly from the tenant. Under the terms of the lease agreement, the tenant is responsible for all expenses associated with the building. Rental income under this lease was $72,323 for 2019-2020.

(14) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

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

(15) RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District was limited in liability to $140,000 per individual and $6,557,430 in total for self-insurance medical claims for the year ended June 30, 2020.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2020 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2020 and 2019:

	2020	**2019**
Insurance claims liability – beginning of year	$ 1,225,920	$ 542,523
Current year insurance claims and changes in estimates	4,308,263	6,007,847
Insurance claims paid	(5,132,063)	(5,324,450)
Insurance claims liability – end of year	$ 402,120	$ 1,225,920

Workers' Compensation

The District, participating member school districts from Pennsylvania and the LLIU participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the ***"Fund"***), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2020, the District is not aware of any additional assessments relating to this Fund.

Other Risks

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

(16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2020, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAMPETER-STRASBURG SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local sources	$ 40,494,463	$ 40,494,463	$ 40,600,409	$ 105,946
State sources	12,944,967	12,944,967	13,150,093	205,126
Federal sources	947,200	947,200	1,068,936	121,736
Total revenues	54,386,630	54,386,630	54,819,438	432,808
EXPENDITURES				
Instruction				
Regular programs	23,309,410	23,309,410	22,541,603	767,807
Special programs	8,127,900	8,127,900	7,705,675	422,225
Vocational programs	849,700	849,700	862,185	(12,485)
Other instructional programs	347,140	347,140	404,114	(56,974)
Total instruction	32,634,150	32,634,150	31,513,577	1,120,573
Support services				
Pupil support services	2,261,310	2,261,310	2,238,313	22,997
Instructional staff services	987,060	987,060	875,911	111,149
Administrative services	3,143,740	3,143,740	3,004,689	139,051
Pupil health	564,650	564,650	564,752	(102)
Business services	563,460	563,460	559,643	3,817
Operation and maintenance of plant services	3,860,030	3,860,030	3,766,192	93,838
Student transportation services	1,791,540	1,791,540	1,700,458	91,082
Support services - central	1,824,840	1,824,840	1,746,921	77,919
Other support services	32,990	32,990	31,795	1,195
Total support services	15,029,620	15,029,620	14,488,674	540,946
Operation of noninstructional services				
Student activities	1,109,610	1,109,610	1,074,652	34,958
Community services	6,500	6,500	6,000	500
Scholarship and awards	1,750	1,750	1,750	-
Total operation of noninstructional services	1,117,860	1,117,860	1,082,402	35,458
Debt service	5,982,380	5,982,380	5,979,014	3,366
Total expenditures	54,764,010	54,764,010	53,063,667	1,700,343
Excess (deficiencies) of revenues over (under) expenditures	(377,380)	(377,380)	1,755,771	2,133,151
OTHER FINANCING SOURCES (USES)				
Refund of prior year receipts	-	-	(17)	(17)
Transfers out	-	-	(195,000)	(195,000)
Budgetary reserve	(400,000)	(400,000)	-	400,000
Total other financing sources (uses)	(400,000)	(400,000)	(195,017)	204,983
NET CHANGE IN FUND BALANCE	$ (777,380)	$ (777,380)	1,560,754	$ 2,338,134
FUND BALANCE				
Beginning of year			7,810,648	
End of year			$ 9,371,402	

LAMPETER-STRASBURG SCHOOL DISTRICT

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

Year ended June 30

	Measurement Date					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.1658%	0.1677%	0.1687%	0.1654%	0.1627%	0.1586%
District's proportionate share of the net pension liability	$ 77,565,564	$ 80,504,000	$ 83,318,000	$ 81,967,000	$ 70,474,000	$ 62,775,000
District's covered-employee payroll	$ 22,874,758	$ 22,586,915	$ 22,464,381	$ 21,422,799	$ 20,932,889	$ 20,235,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	339.09%	356.42%	370.89%	382.62%	336.67%	310.23%
Plan fiduciary net position as a percentage of the total pension liability	56.00%	54.00%	52.00%	50.00%	54.00%	57.00%

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

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 7,424,915	$ 7,116,000	$ 6,453,000	$ 5,262,000	$ 4,201,000	$ 3,159,000
Contributions in relation to the contractually required contribution	$ 7,435,753	$ 7,131,159	$ 6,455,302	$ 5,416,000	$ 4,289,181	$ 3,259,735
Contribution deficiency (excess)	(10,838)	(15,159)	(2,302)	(154,000)	(88,181)	(100,735)
District's covered-employee payroll	$ 22,874,758	$ 22,586,915	$ 22,464,381	$ 21,422,799	$ 20,932,889	$ 20,235,020
Contributions as a percentage of covered-employee payroll	32.51%	31.57%	28.74%	25.28%	20.49%	16.11%

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

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	2020	2019	2018
TOTAL OPEB LIABILITY			
Service cost	$ 29,442	$ 32,599	$ 79,241
Interest on total OPEB liability	81,321	83,391	88,164
Differences between expected and actual experience	121,533	-	(52,534)
Changes of assumptions	660,443	-	738,499
Benefit payments	(180,949)	(185,852)	(243,851)
Net change in total OPEB liability	711,790	(69,862)	609,519
Total OPEB liability, beginning	2,786,448	2,856,310	2,246,791
Total OPEB liability, ending	$ 3,498,238	$ 2,786,448	$ 2,856,310
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	$ 20,869,579	$ 19,566,848	$ 19,089,608
Net OPEB liability as a % of covered payroll	16.76%	14.24%	14.96%

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.

LAMPETER-STRASBURG SCHOOL DISTRICT

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

Year ended June 30

	Measurement Date		
	2019	**2018**	**2017**
District's proportion of the net OPEB liability	0.1658%	0.1677%	0.1687%
District's proportionate share of the net OPEB liability	$ 3,526,304	$ 3,496,000	$ 3,437,000
District's covered-employee payroll	$ 22,871,758	$ 22,586,915	$ 22,464,381
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total net OPEB liability	6.00%	6.00%	6.00%

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

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date		
	2019	**2018**	**2017**
Contractually required contribution	$ 189,959	$ 187,000	$ 187,000
Contributions in relation to the contractually required contribution	$ 189,315	$ 186,480	$ 183,490
Contribution deficiency (excess)	644	520	3,510
District's covered-employee payroll	$ 22,871,758	$ 22,586,915	$ 22,464,381
Contributions as a percentage of covered-employee payroll	0.83%	0.83%	0.82%

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.

SINGLE AUDIT

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2019	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2020	Passed Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-190220	07/01/18 - 09/30/19	$ 411,256	$ 83,117	$ 47,008	$ 36,109	$ 36,109	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-200220	07/01/19 - 09/30/20	404,302	323,457	-	390,735	390,735	67,278	-
Total CFDA #84.010						406,574	47,008	426,844	426,844	67,278	-
Title II - Improving Teacher Quality	I	84.367	020-190220	07/01/18 - 09/30/19	93,406	18,834	18,834	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-200220	07/01/19 - 09/30/20	91,645	73,642	-	91,645	91,645	18,003	-
Total CFDA #84.367						92,476	18,834	91,645	91,645	18,003	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-200220	07/01/19 - 09/30/20	30,780	30,780	-	30,780	30,780	-	-
Passed Through the Lancaster-Lebanon I.U. #13											
I.D.E.A. - Part B, Section 611	I	84.027	062-190013	07/01/18 - 09/30/19	488,766	349,868	349,868	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-200013	07/01/19 - 09/30/20	469,748	469,748	-	469,748	469,748	-	-
Total CFDA #84.027						819,616	349,868	469,748	469,748	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-180013	07/01/18 - 06/30/19	1,611	1,611	1,611	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-190013	07/01/19 - 06/30/20	2,618	-	-	2,618	2,618	2,618	-
Total CFDA #84.173						1,611	1,611	2,618	2,618	2,618	-
Total U.S. Department of Education						1,351,057	417,321	1,021,635	1,021,635	87,899	-
U.S. Department of Treasury											
Passed-Through the Pennsylvania Commission on Crime and Delinquency											
COVID-19 Relief Fund	I	21.019	2020-CS-01-33361	03/01/20 - 10/30/20	235,232	-	-	14,891	14,891	14,891	-

Continued on next page

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2019	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2020	Passed Through to Subrecipients
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/01/19 - 06/30/20	N/A	63,262	-	66,076	66,076	2,814	-
National School Lunch Program	I	10.555	N/A	07/01/19 - 06/30/20	N/A	288,740	-	293,191	293,191	4,451	-
Passed-Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/19 - 06/30/20	N/A	76,406	(31,568)	73,116	73,116	(34,858)	-
Total CFDA #10.555						365,146	(31,568)	366,307	366,307	(30,407)	-
Total U.S. Department of Agriculture						428,408	(31,568)	432,383	432,383	(27,593)	-
Total Federal Awards						$ 1,779,465	$ 385,753	$ 1,468,909	$ 1,468,909	$ 75,197	$ -
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						$ 821,227	$ 351,479	$ 472,366	$ 472,366	$ 2,618	$ -
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						$ 428,408	$ (31,568)	$ 432,383	$ 432,383	$ (27,593)	$ -

Legend

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

LAMPETER-STRASBURG SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

(1) FEDERAL EXPENDITURES

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

(2) BASIS OF ACCOUNTING

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

(3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under CFDA #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2019-2020 fiscal year.

(4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2020 was $32,410.

(5) INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District's Federal awards for the year ended June 30, 2020.

LAMPETER-STRASBURG SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2020

There were no audit findings for the year ended June 30, 2019.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lampeter-Strasburg School District, Lampeter, Pennsylvania, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lampeter-Strasburg School District's basic financial statements, and have issued our report thereon dated October 19, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BBD, LLP

Philadelphia, Pennsylvania
October 19, 2020

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

Board of School Directors
Lampeter-Strasburg School District
Lampeter, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Lampeter-Strasburg School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lampeter-Strasburg School District's major federal programs for the year ended June 30, 2020. Lampeter-Strasburg School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lampeter-Strasburg School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

BBD, LLP

Philadelphia, Pennsylvania
October 19, 2020

LAMPETER-STRASBURG SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Lampeter-Strasburg School District were prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Lampeter-Strasburg School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

3. No instances of noncompliance material to the financial statements of Lampeter-Strasburg School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for Lampeter-Strasburg School District expresses an unmodified opinion on all major federal programs.

6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).

7. The program tested as a major program was:

   Special Education Cluster:

   I.D.E.A. – Part B, Section 611 – CFDA Number 84.027
   I.D.E.A. – Part B, Section 619 – CFDA Number 84.173

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. The Lampeter-Strasburg School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None