



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

*Year Ended June 30, 2019*

**SCHOOL DISTRICT OF LANCASTER**  
Lancaster, Pennsylvania

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**SCHOOL DISTRICT OF LANCASTER  
LANCASTER COUNTY  
LANCASTER, PENNSYLVANIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**PREPARED BY:**

**BUSINESS OFFICE STAFF**

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# SCHOOL DISTRICT OF LANCASTER

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SCHOOL DISTRICT OF LANCASTER  
**INTRODUCTORY  
SECTION**



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# Letter of Transmittal

December 13, 2019



In order to be awarded a Certificate of Excellence and/or a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to each of the programs' standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Both the Certificate of Excellence and the Certificate of Achievement are valid for a period of one year only. We believe our current report conforms to both programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for another Certificate for the year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.



Elementary students ready to learn

The financial statements in this report have been audited by BBD, LLP, an independent firm of certified public accountants. BBD, LLP has provided an unmodified opinion on the District's financial statements for the year ending June 30, 2019.

Management's Discussion and Analysis ("**MD&A**") provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Our MD&A can be found immediately following the report of our independent auditors.

This CAFR includes all funds of the District, consistent with the guidance contained in GASB 14, *The Financial Reporting Entity*, GASB 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The criteria used by the School District to evaluate whether additional entities should be included as component units include whether the School District can impose its will on these entities and whether these entities bring the School District financial benefit or burden.

## Profile of the School District

The School District of Lancaster (the "**District**" or "**SDoL**") is located in the center of Lancaster County in the southeastern corner of Pennsylvania. According to the United States Census Bureau, Lancaster County is the sixth most populous county in Pennsylvania, and the City of Lancaster is the eighth most populous of Pennsylvania's cities. The District encompasses the City of Lancaster and Lancaster Township. Established in 1836, it is the second oldest school district in Pennsylvania. The District employs approximately 1,600 Administrative, Professional, and Support Staff. Our student population averages 11,300 students of whom

60% are Hispanic, 17% are African American, 13% are Caucasian and nearly 10% are Asian and other ethnicities.

The District is governed by a nine member Board of School Directors ("**Board**"), elected for four-year terms. The Superintendent is the Chief Administrative Officer of the District and has responsibility for all aspects of operations, including education and finance. The Chief of Finance and Operations is responsible for budgets, financials, and the operation of the District's facilities. Both officials are selected by the Board in accordance with Pennsylvania School Law and relevant legislation. A Cabinet level of administrators that includes the Assistant Superintendent for Curriculum and Instruction, Directors of Schools, Director of Student Services, among others, provides oversight of various departments in the District. Our student population includes more than 1,800 English Learners who speak thirty-eight different languages peppered with a variety of dialects. About five hundred of these students are refugees from countries like the Democratic Republic of the Congo, Syria, Poland, Ukraine, Burma, Cuba, India, Kenya, Iran, Iraq, and many others. Additionally, about 1,900 students receive Special Education services and supports. Afterschool and summer programs, school-based health care clinics, on-site therapy, and counseling services were implemented to provide extra supports for these and other students as necessary.



*Downtown Lancaster embraces the old with the new*

The District is located in an area rich in American history. Lancaster is one of the oldest inland cities in the United States. German immigrants known as Pennsylvania Dutch (from "Deutsch" meaning German) were the first to settle in the area in 1709. Lancaster was originally called Hickory Town until it was renamed after the English city of Lancaster by native citizen John Wright. In 1742, it became a borough, then a chartered city in 1818. It surrendered its ancient city charter and became a Third Class City under the laws of the Commonwealth of Pennsylvania in 1924.



*Students learning about history at President James Buchanan's Wheatland*

Lancaster was an important munitions center during the Revolutionary War. It was the National Capital of the American colonies for one day on September 27, 1777, when the Continental Congress was fleeing British forces who had captured Philadelphia. From 1799 to 1812, Lancaster was the capital of Pennsylvania. After the American Revolution, Lancaster became an iron-foundry center that manufactured the Conestoga wagon and the Pennsylvania long rifle, two prominent products used by the pioneers in settling the West.

Lancaster was the home of the 15<sup>th</sup> president, James Buchanan. His homestead, Wheatland, still stands today and is a popular tourist attraction. The first paved road in the United States was the former Philadelphia and

Lancaster Turnpike, now part of U.S. Route 30, which opened in 1795. In 1879 Franklin Winfield Woolworth opened his first "five and dime" store in Lancaster, the F. W. Woolworth Company. Constructed in 1889, Lancaster's Central Market is the oldest continuously operated farmers market in the nation. The Fulton Opera House, named after Lancaster native Robert Fulton (engineer, inventor, and creator of the commercial steamboat Clermont), has thrilled audiences since 1852. Known today as the Fulton Theatre, it continues as a vibrant and popular venue offering professional plays year-round.



*Fulton Theatre in Lancaster City*

Other prominent Lancaster residents include Thaddeus Stevens (staunch abolitionist and U.S. Congressman), Milton Hershey (founder of the Hershey Chocolate Company and the town of Hershey), and more recently Jim Furyk (professional golfer) and Jonathan Groff (Broadway actor and singer).

Lancaster has a vibrant arts scene, with a section of downtown dubbed Gallery Row in recognition of the art galleries, antique shops, and museums. Murals, statues, fountains, and sculptures beautify the city, and a symphony orchestra, professional theater, and concert venues provide entertainment. The SDoL incorporates the arts into the curriculum. All grade levels at every school were represented at Lancaster ArtWalks, a city-wide celebration

of the visual arts through special exhibitions, meet-the-artist events, and live demonstrations.

Nearly 1,000 students performed in school bands, orchestras, and choruses. The Lancaster Symphony Orchestra provided all 5<sup>th</sup> and 6<sup>th</sup> grade students to their own orchestra concert held in the spring at the District's High School Auditorium. Named one of the Best Communities for Music Education for the past nine years, SDoL plays a strong role in enhancing music in the lives of students.

### **District Facilities**

Our Mission Statement is "To ensure every child receives an excellent education." The District provides a comprehensive educational program for grades pre-kindergarten through twelve.

There are twenty-one educational facilities in the District. Other pre-school classrooms are in place throughout many of the district's twelve elementary schools. The elementary schools provide full day pre-kindergarten and kindergarten programs and educate students through fifth grade. Four middle schools serve students in sixth through eighth grades. The District also has one Pre-K through 8<sup>th</sup> grade school to serve the far western area of the District.

J.P McCaskey High School Campus is two buildings – J.P. McCaskey and McCaskey East – serving 9th through 12th grade students. Two alternative programs at Buerhle School and Phoenix Academy offer options for students who are in need of credit recovery, are overage for their grade, or have a need for an alternate setting for their educational success.



*Buchanan Elementary School Constructed 1929  
A New Building Is Under Construction*

The School District of Lancaster has several joint ventures with organizations located within Lancaster County. The Lancaster County Career and Technology Center of Lancaster-Lebanon County ("**CTC**") is one such venture with a joint board consisting of school directors from each member district to provide governance. Each member district pays a share of the operating costs and debt service, and approves the CTC's budget.

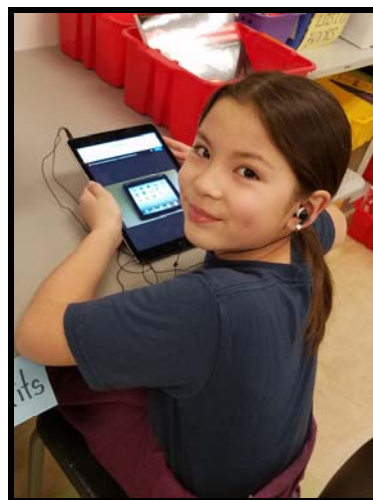
The District also serves as a member of the Lancaster County Career and Technology Center Authority ("**Authority**"). In 1968, the Authority entered into an agreement with the member school districts and the Career and Technology Center Board to acquire land and construct buildings to provide the facilities for the operation of the Career and Technology Center. Fifty SDoL students were enrolled at the CTC in the 2018-2019 school year.

The District is a member of the Lancaster-Lebanon Joint Authority ("**Joint Authority**"). The Joint Authority conducts bids and Requests for Proposals to procure materials and services related to the operations, maintenance and improvement of the facilities that it owns or leases for the use of the Lancaster-Lebanon Intermediate Unit No. 13 ("**IU 13**") and the twenty-two school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of IU 13.

SDoL participates with the sixteen other Lancaster County school districts for the collection of earned income taxes through the Lancaster County Tax Collection Bureau ("**Bureau**"). Each public school district and municipality appoints one member to serve on the joint operating committee.

### Charter Schools/Cyber School

The Lancaster Cyber School Program is a full-time cyber school with single course options wherein students can learn on-site or by remote classes. Now in its 9th year, the program seeks to change the life altering consequences for students who may drop out of school. Designed with a variety of options which meet the required state and district standards for cyber schools, it is a successful program. The Cyber School offers unique Science, Technology, Engineering, and Math ("**STEM**") classes, English Language Arts, foreign language courses, credit recovery, summer school, distance learning, advanced placement courses, and half-day vocational or technical school inclusion. The program meets the instructional needs of students with serious health issues by providing the flexibility they need for doctor appointments and medical treatments. Some struggling students with disabilities have excelled in their studies due to the online environment. Because of these possibilities, enrollment in the program increases every year.



*The Joy of Learning*

Staff work as partners with parents to see that the accepted students are trained and monitored to ensure optimal opportunities for successful learning.

The program does provide adaptations and support to meet the needs of students with Individualized Education Plans and English Learners through online learning if necessary.

The School District of Lancaster is a partner with La Academia Partnership Charter School located within the District's boundaries. La Academia is a "brick and mortar" public charter school and tuition-free in Lancaster. It was founded in 1998 with support from local organizations such as the Spanish American Civic Association, Crispus Attucks, the Urban League, Neighborhood Services, and the Community Action Program. La Academia is comprised of sixth through twelfth grades and served 223 students last year.

### Local Economy

The School District of Lancaster is located in Lancaster County, Pennsylvania and encompasses an area of 13.5 square miles covering the City of Lancaster and Lancaster Township. The School District's boundaries are coterminous with Lancaster Township and the City of Lancaster. The City of Lancaster, located in the center of the School District is the county seat and is located approximately forty-five miles south of Pennsylvania's Capital City of Harrisburg and seventy miles west of Philadelphia.



*Penn Square ~ Downtown Lancaster, 2019*

Led by Mayor Danene Sorace, the City of Lancaster is in the second year of its strategic plan called Block By Block. There are four elements of the plan.

- ❶ Strong Neighborhoods as Lancaster's diverse and vibrant neighborhoods are welcoming places that foster connections among its residents, which creates and sustains strong communities.
- ❷ Safe Streets that are safe, walkable, and accessible for all. New bike lanes added directly beside sidewalks with space for cars to park next to the lane of traffic. This allows bicyclists to be a lane away from traffic.
- ❸ Secure Incomes, the foundation of a strong community is household sustaining employment. Partnerships among Lancaster's businesses, educational institutions, and non-profits provide every resident access to one good job.
- ❹ Sound Government focused on the City's leaders as approachable, responsive, and always working to make the City a better place. Human and financial resources are put to their best use and competing interests are balanced through public dialogue.

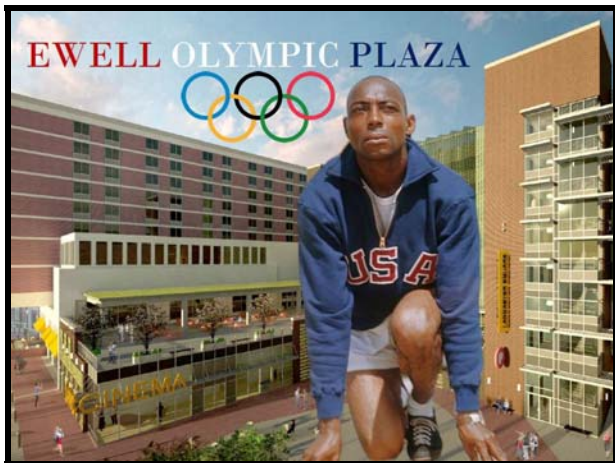
With a population of 59,708 in seven square miles, Lancaster City's rich history provides a perfect contrast of modern life in a growing and vibrant City.



*Penn Square ~ Downtown Lancaster, 1929*

A number of exciting economic development projects are bringing revitalization to the City. The Holiday Inn Lancaster opened with 216 rooms including nine suites, 19,000 square feet of meeting space, and a destination restaurant featuring locally sourced food and international cuisine. 101NQ, a trendy name for its address – 101 North Queen Street -- is bringing new life to a decades-long, vacant building that was as lifeless as it was windowless.

This \$30 million mixed-use development is the new home of businesses, some moving from outside of the City, to retail shops, restaurants, a movie theater and parking facilities for 300 vehicles. The Lancaster Public Library is moving from its 1898 building with minimal parking to a 2-story section adjacent to the parking facility.



*A Depiction of the Ewell Olympic Plaza*

The School District of Lancaster has had one Olympic winner in its 183 years of existence and that is Henry Norwood "Barney" Ewell (pronounced "yule") who became a world class sprinter, winning a gold medal and two silver medals at the 1948 Olympics in London. Located to the north side of 101 North Queen Street, a giant concrete monstrosity built in the 1970's has been demolished. Lancaster Square was unattractive and underutilized. City Council authorized a bond guarantee of up to \$38 million for improvements renaming it Ewell Olympic Plaza in honor of Mr. Ewell.

Mr. Ewell exhibited no bitterness about the cancellation of the 1940 and 1944 Olympics during World War II when he was at his athletic peak. He surprised the sports world by qualifying for the 1948 Olympics at age 30. Known as a humble hero, he exemplifies a role model for our students to emulate.



*Mural Added to Historic Warehouse  
Residents Filled in the Blank, "This Neighborhood is..."*

Lancaster City is home to several higher education institutions including Franklin & Marshall College, Lancaster Theological Seminary, Pennsylvania College of Art & Design, and Thaddeus Stevens College of Technology. Located outside the City, but in close proximity are Central Pennsylvania College, Lancaster Bible College, Millersville University, and Pennsylvania College of Health Sciences.

Five institutes of higher education have created satellite sites in Lancaster to provide additional opportunities for post-secondary learning: Albright College, Eastern Mennonite University, Elizabethtown College, Harrisburg Area Community College, and the Pennsylvania State University. Several institutes of higher education partner with the School District of Lancaster in offering dual enrollment and other opportunities for students and providing continuing education courses for instructional staff.

### Major Initiatives

In alignment with the District's goal of ensuring that all students have equitable opportunities,

the School District of Lancaster is engaged in a comprehensive School Boundary and Transportation Study. We have commissioned WXY Studio of New York City to assist us in analyzing our data and developing scenarios that meet the needs of the district and align to community priorities.

The process is guided by a task force comprised of community leaders, parents, and district staff who are working towards a non-binding recommendation to present to the School Board in January 2020. If approved by the Board, the plan would go into effect for the 2021-2022 school year.

Four community meetings with task force members speaking to parent groups occurred to seek as much input as possible. An on-line presence is available to increase participation. The site is available 24/7 for parents, guardians, and community members to share their thoughts and give input on the process.

The current walk zones for students is 1.5 miles for an elementary student and 2.0 miles for a secondary student. These distances were set by School Board Policy in the 1980's and have not been revised to take into consideration the current and projected challenges our students and families encounter to have safe and reasonable travel routes to school.



*Friends & Fresh Air Equal Fun*

The District is challenged with low performance on standardized tests as well as variable changes in our student demographic. Changes to the school attendance zones are sensitive and will have an impact on individual school performance depending on the individual demographic of the students.

Another key component of this initiative is our desire to serve students starting at age four within their neighborhood schools. All schools do not currently have the capacity to serve families in this manner. We currently have 20 Pre-K classrooms scattered throughout the District serving 369 students. Transportation is provided for students in this program. Even with this program, the District community still has over 400 students not being served at this age level.



*Addition to Lincoln Middle School*

In the middle of its third phase of construction and renovation projects, two middle schools and two elementary schools are being upgraded. These facilities have been designed to accommodate growth not only for expanded enrollment, but for expanded programming. The District has completed renovation of over ten buildings over the past ten years and still has four buildings to complete after the current construction/renovation phase.

### Instructional Programs

School District of Lancaster is committed to supporting students as they prepare for college, the workforce, or the military. No student should graduate high school without a plan for their future. SDoL prioritizes that students not only graduate with a plan, but that they have taken steps to make that plan a reality. Through a system of checks and balances and advanced data tracking, counselors and other college and career staff ensure students have completed the necessary steps to meet their next goal. The district has set a strategic priority that 80% of seniors will have a post-graduation plan by May 1. This goal has been met in each year it was evaluated.

A goal for all 5th graders is completing at least one college tour per school year. Thanks to partnerships with Franklin & Marshall College, Elizabethtown College, Harrisburg Area Community College, and Pennsylvania College of Art and Design, tours reached all students in the 2018-19 school year. Students heard from career presenters, toured a college campus, and completed different career exploration activities throughout the program.



McCaskey High School

Health Careers Small Learning Community  
"This McCaskey Tornado is Career Ready"

School District of Lancaster has partnerships with local colleges allowing students to earn college credits while still in high school. What makes the district unique is that SDoL will pay for one dual enrollment course per semester.

This enables you to earn college credits before graduating high school and minimize the time and cost of college. Students may take additional courses as well although these courses are billed to the student at the college dual enrollment rate.

School District of Lancaster has partnerships with Eastern Mennonite University-Lancaster, Harrisburg Area Community College, Millersville University, Pennsylvania College of Art and Design, Pennsylvania College of Health Sciences, and Thaddeus Stevens College of Technology. Students interested in taking advantage of dual enrollment must schedule a meeting to discuss with their counselor and then complete the Dual Enrollment Application form.



McCaskey High School Senior Speaks About Her Dual Enrollment Experience at the Annual State of the District Event



During the 2018-2019 school year, all 6<sup>th</sup> grade students were provided the opportunity to attend a one-week residential program at NorthBay. This environmental education center is located on the Chesapeake Bay in NorthEast Maryland, about an hour's drive from Lancaster. Students studied science outdoors with hands-on activities, a focus on adventure, life skills, and character development.

Each of the four middle schools attended at a different time. District staff made the commitment to stay overnight all week and an additional 22 staff commuted daily to NorthBay from Lancaster to provide support.



*Middle School Students at NorthBay in January*

Participating students and District staff received all lodging, meals, and activities during their stay thanks to an outside grant. Without this generous funding, the District would not be able to participate in this program. Staff donated and solicited vendors and organizations to provide outdoor clothing, boots and footwear, and basic hygiene items for the four days and nights of the program.

Our Middle School students participated in a Stream Assessment in Lancaster County Park. It was the fourth experience all 6<sup>th</sup> grade students had with NorthBay staff outside of the one-week residential experience. Students explored the Conestoga stream and collected,

analyzed, and interpreted data relating to erosion and turbidity. The 6<sup>th</sup> grade students collected rocks in the stream and recorded a variety of insects that were in the stream. They were challenged to determine if there was representation of each insect illustrated on their insect identification cards. It was another hands-on learning opportunity!

The School Board of Directors approved a Technology Master Plan for 2018 through 2023. The District's primary goal in developing a comprehensive technology plan is to define the strategies and methods for effectively integrating technology into the Pennsylvania Core Academic Standards. Technology inspires higher-level learning, problem solving, critical thinking, creativity, and collaboration. Technology advances opportunities for students to apply their learning in creative ways, ignites lifelong learning, and prepares students for the world of college and work. The technology integration pilot helped to demonstrate student growth based on parent responses. Sixty-six percent of parents responded they strongly agree the use of technology in the classroom enhances their child's / children's learning.

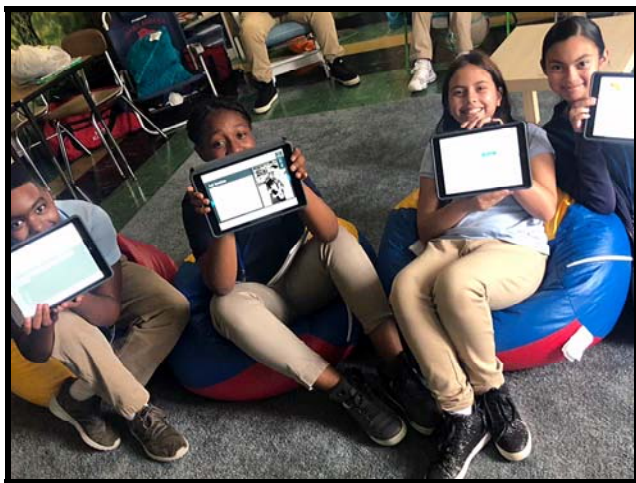
Equitable access to the Internet and to technology is a priority for the District. Established goals are for students to meet 21<sup>st</sup> Century technology standards, for teachers and administrators to create a digital age learning culture, and for the District to maintain financial responsibility focused on equity.



*Students engaging with iPads*

During the 2018-2019 school year, 1,600 student iPads were deployed to all middle school students. Sixth grade teachers received in-depth training from Apple specialists in instructional technology. By the end of the school year, all sixth grade teachers reported that their students increased their technology knowledge and acquired integration skills. The iPad program continued with iPad/Apple training provided to the 7<sup>th</sup> grade teachers and the deployment of additional iPads into 7<sup>th</sup> grade math and science classrooms.

Nine hundred and forty-nine student iPads were deployed to 9<sup>th</sup> grade students by the District's Information Technology team. On the first day of school for Freshman, students were provided a 40 minute iPad training and digital citizenship course through Schoology prior to using their iPad.



*Excited Wheatland Middle School students with iPads*

The Acceptable Use Policy, iPad Rules, plus at-home procedures and policies were created and communicated to parents/guardians and students prior to deployment. To better inform parents and guardians of websites and software/ applications their child(ren) may access during the school day, a listing is located on the District website which provides a description of approved websites, applications, and software along with links to review the site or application and the privacy policy.

The instructional program consists of 12 elementary schools (PreK-5), one K-8 school; 4 middle schools (6-8), and 1 high school in 2 buildings (9-12). Three other buildings offer alternative programs.

Responsibility for administration and instructional leadership was entrusted to these principals for 2018-2019:

**Buchanan Elementary** ~ Ms. Stacy Kain  
**Burrowes Elementary** ~ Mr. Scott Ranck  
**Carter & MacRae Elementary** ~ Mrs. Rachel Esh  
**Fulton Elementary** ~ Mr. Steven Sohonyay  
**Hamilton Elementary** ~ Mr. Philip Ludwig  
**King Elementary** ~ Mrs. Melinda Wells  
**Lafayette Elementary** ~ Mrs. Wanda Suarez  
**Price Elementary** ~ Dr. Florence Krane  
**Ross Elementary** ~ Mrs. Camille Hopkins  
**Washington Elementary** ~ Ms. Kathleen Wiercinski  
**Wharton Elementary** ~ Mrs. Melanie Martinez  
**Wickersham Elementary** ~ Mrs. Ashley Mercado

**Martin K-8** ~ Dr. Barbara Andrews

**Hand Middle** ~ Mr. Mark Simms  
**Lincoln Middle** ~ Mr. Ryan Schlinkman  
**Reynolds Middle** ~ Mr. Aaron Swinton  
**Wheatland Middle** ~ Mr. Don Trost

**J.P. McCaskey High School Campus**  
**(J.P. McCaskey & McCaskey East)**  
~ Mr. John Lischner

**Camelot of Buehrle** ~ Ms. Jen Varga  
**Phoenix Academy** ~ Mr. Joel Bacharach  
**Rockland Building** ~ Mrs. Stephanie Milazzo

All curricula were developed and written by teams of staff members to meet the needs of today's learners. Curricula have been adopted based on State Academic Standards and have been implemented in Mathematics, Reading, Science, Fine Arts, Communication / Language Arts, and Health, Physical Education and Wellness.

The instructional program subject areas are:

- Art
- Business Education
- Communications-Reading & Language Arts
- Computer Applications
- Family/Consumer Science
- Health, Physical Education & Wellness
- Language Arts/English
- Library
- Mathematics
- Music
- Science
- Social Studies
- Technology Education
- World Languages



*McCaskey High School students participating in the Tornado Color Run*

Instruction is grounded in curriculum and instruction guides. Content specific tools align standards with curricular resources and provide examples of differentiation for both enrichment and remediation. Additionally, Multi-tiered Systems of Support are in place to assist our students with social-emotional development. All students are provided basic or Tier I level supports, such as school-wide bullying prevention programs. The Tier II and III levels increase in intensity and frequency for students requiring more assistance than is received in the traditional classroom. Push-in and pull-out options, family counseling, and individualized therapies are available and are determined based upon each learner's specific

needs. School-based behavioral support services are offered in every school to decrease the wait time in providing students the assistance they require.

### "Whole Student" Approach

Prevention, intervention, transition, and follow-up support services provide comprehensive assistance to students and families in need. School-based student support professionals provide direct services for all children and youth, especially those who are experiencing problems that create barriers to learning. Direct services are provided through counseling, consultation, therapy, and individual assessments. In addition, student support services personnel provide in-service training, parent education, and communication collaboration. The overarching goal for Student Services is that all learners come to school happy and healthy, stay in school, engage in learning, persist to graduation, and increase their chances for success both in school and later in life.

### District Technology Program

The District overhauls its website every two years to stay relevant, fresh, and appealing to students, families, staff, and community members. Facebook and Twitter inform parents and students of news and events happening in the schools in real time. Every building has wireless access and the ability to maintain connectivity in the event of a local disaster. An automated call system notifies parents and guardians and staff of timely information such as inclement weather delays and closings or unexpected facility concerns such as a water main break.

### Special Education Services

Special education services in the District assist students with disabilities and offer learning support, emotional support, deaf and hard of

hearing support, speech and language support, life skills support, vision support, autistic support, and support for multiple disabilities. A variety of programs and interventions are customized to fit the individual needs of these students through IEPs (Individualized Education Plans) that are written in collaboration with the students' teachers and parents.

As for the Gifted Students, the District appreciates the diverse talents of its students and recognizes its responsibility to foster the potential of properly identified gifted and talented students. A Gifted Individualized Education Plan (GIEP) is developed to provide specially designed instruction to meet the advanced learning needs of these students.

### Vocational/Technical Support

Career and Technical Education courses are offered for students in grades 10-12. These courses are divided into concentrated programs centered on careers that have been identified as high priority and/or high wage occupations and considered "Hot Jobs" in Lancaster County. A student attains technical skills and certifications in their chosen program that will help them in the job market or at a two-year or four-year post-secondary institution.

Our current programs of study are:

- Accounting
- Administrative Assisting
- Building Trades and Maintenance
- Computer Aided Drafting & Design (CADD)
- Cosmetology
- Early Childhood Education
- Electronics
- Engineering
- Health/Medical Assisting

Students also have the option of attending the Lancaster County Career and Technology Center which offers other technical programs in either half-day or full-day programs. More than 50 students attended the LCCTC.



*Elementary Students Learning About Drums*

### Co-Curricular

The District offers a broad range of co-curricular activities for all students in grades kindergarten through twelve. Various after-school clubs provide a wide variety of options and offer students extra learning opportunities in music, dance, theater, art, computers, gardens, robotics, chess, poetry, debate, Model UN, Mock Trial, Skills USA, and many more. Athletics and sports are also very popular. Sports offered include football, soccer, baseball, softball, basketball, field hockey, wrestling, tennis, track and field, and more. At the High School, 49 teams compete in 19 different sports, and the Middle Schools support 19 teams in 5 sports.



*Learning About Plants Includes Hands-On Activities*



*Ski Club Takes Students to Explore Outdoors*

The Future Red Tornado Initiative was developed by the Lancaster Recreation Commission in partnership with the District to increase youth participation in sports. To support the 3,000+ youth who participate in sports each year, new programs are being developed in partnership with The Mix at Arbor Place, the Police Athletic League, Tennis Central, and many other community groups. Thanks to major funding from the Cal Ripkin Sr. Foundation, Ollie's Bargain Outlets, and the Richard S. and Ann B. Barshinger Family Foundation, the Boys & Girls Club of Lancaster's Roberto Clemente Field on South Duke Street was transformed into a 65,000 square foot artificial turf field with permanent markings for baseball and soccer, an electronic scoreboard, bleachers and a backstop. The facilities are suitable for year-round use.



*Children Enjoying Their Neighborhood Field*

### Summer Programs

Learning does not take a break during the summer months. Last year, nearly 1,300 students from all grade levels attended summer programs offered by the District and by partners including Pressley Ridge, Exit Lancaster, Lancaster Family YMCA, Shalom Partnership, Migrant Education, Lancaster Recreation Commission, and the Lancaster-Lebanon Intermediate Unit #13. Programs focused on literacy, STEM (science, technology, engineering, and math), physical activity, college readiness, career awareness, English Language development, credit recovery, enrichment, and developing social skills.



*Students Participate in the YWCA Race Against Racism*

### Vision and Strategies for the Future

The Superintendents' Performance Objectives include four focus areas as part of a five-year strategic blueprint.

#### Focus Area One

##### Teaching & Learning

The School District of Lancaster will improve academic growth and achievement among all student groups, increase grade level reading proficiency for all student subgroups, enhance college and career readiness and implement a professional learning system that is responsive to the needs and interests of staff.

**Focus Area Two**

Student-Centered Climate & Culture

The School District of Lancaster will foster and sustain a school environment that is safe, encouraging and culturally responsive for all students, engages students in their learning, improves attendance and behavior and provides a Multi-Tiered System of Support.

**Focus Area Three**

Community Engagement

The School District of Lancaster will increase indicators of perception on constituent surveys, positive sentiment as a share of overall media impressions, parent engagement on district communications platforms, participation by businesses, community organizations and volunteers and financial and in-kind support of schools and programs.

**Focus Area Four**

Operational Effectiveness

The School District of Lancaster will attract and retain a highly qualified and diverse staff that effectively meets the needs of its students, build technology and facility infrastructure to support 21st Century learners, and realize system efficiencies to deploy resources for greatest impact.

**Accounting System and Budgetary Control**

All governmental funds utilize the modified accrual basis of accounting with revenue being recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for: (1) disbursements for inventory type items, which are expenditures at the time of purchase and (2) principal and interest on general long-term debt which is recognized when due. Financial statements for the Proprietary Fund are maintained on the accrual basis of accounting, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the School District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes the cost and benefits require estimates and judgments by management.



*McCaskey High School ROTC Students*

All internal accounting control evaluations occur within the above framework. We believe the School District's internal accounting controls: (1) adequately safeguard assets; (2) provide reasonable assurance of proper recording of financial transactions; and (3) maintain accountability for assets.

An annual budget is adopted prior to the beginning of each year for the general fund on the 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 all capital project funds. Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated to any particular item of

expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function / sub-object level without School Board approval. Appropriations lapse at the end of the fiscal period.

### **Financial Policies with Significant Impact on This Year's Financial Statements**

Several measures were taken to maintain the District's financial health as reductions and fluctuations in state and federal funding continue. While many of the rising costs are beyond our control, we can guarantee budgetary decisions were made in the best interests of our students.

### **Long Term Financial Planning**

The rising cost of pensions, healthcare, charter school tuitions and unfunded mandates continue to squeeze annual budgets as many of these costs are either out of the District's control or tied to collective bargaining agreements. These are the greatest issues affecting the District's need to increase millage in the near future. The District evaluates the use of fund balance on a yearly basis to ensure adequate reserves are available to continue improving our buildings, meeting our

current debt service expenditures, and ultimately, funding a quality educational program for our community of students.

### **Acknowledgements**

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Office of Business and Operations. Every staff member has our sincere appreciation for their tireless efforts and valuable contributions that were given in the preparation of this report. Further, without the leadership and support of the School Board of Directors of the School District of Lancaster, preparation of this report would not have been possible.



Matthew Przywara, CPA, PRSBA  
Chief of Finance & Operations



Dr. Damaris Rau, Superintendent



*Shrek Performed by McCaskey High School Campus*

# SCHOOL DISTRICT OF LANCASTER

## PRINCIPAL OFFICIALS

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### Board of School Directors

|                          |                |
|--------------------------|----------------|
| Dr. Edith Gallagher      | President      |
| Randolph Carney          | Vice-President |
| Salina Almanzar          | Member         |
| Dr. Cheryl Desmond       | Member         |
| Mara Creswell McGrann    | Member         |
| Harvey Miller            | Member         |
| Linda Troublefield Owens | Member         |
| Dr. David Parry          | Member         |
| Candace Roper            | Member         |
| Matthew Przywara         | Treasurer *    |
| Mary E. Cunningham       | Secretary *    |

\* Non-Member

### Cabinet

|                         |                                       |
|-------------------------|---------------------------------------|
| Dr. Damaris Rau         | Superintendent                        |
| Dr. Carol Powell        | Assistant Superintendent              |
| Matthew Przywara        | Chief of Finance & Operations         |
| Dr. Abie Benitez        | Director of Schools                   |
| Dr. Josiah Keene        | Director of Schools                   |
| Christopher Lopez       | Director of Student Services          |
| Estevanny Jimenez Turns | Chief of Talent & Employee Engagement |
| Adam Aurand             | Director of Strategic Communications  |

### Solicitor / Bond Counsel

Kegel Kelin Almy & Lord, LLP Lancaster, Pennsylvania

### Financial Underwriter

RBC Capital Markets Corporation Lancaster, Pennsylvania

### Auditor

BBD, LLP Philadelphia, Pennsylvania



**School District of Lancaster**  
Central Office Organizational Chart

School Board

**Superintendent**  
**(Rau)**

Executive Assistant  
**(Marshall)**

**Assistant Superintendent of Curriculum & Instruction (Powell)**

- Art, Music, Humanities & 21st Century Skills
- College & Career Readiness
- Dual Language
- Early Childhood
- English Language Arts
- English Learners
- Extended Day/Year Programs
- Federal Entitlement Programs
- Instructional Technology
- International Baccalaureate & Middle Years Program
- Math
- Professional Learning & Development
- Science
- Social Studies
- Testing/Research & Data Analysis

**Director of Schools (Keene)**

- Principals
- Alternative Education
- Burrows ES
- Carter & MacRae ES
- Hamilton ES
- Lafayette ES
- Price ES
- Reynolds MS
- Ross ES
- Washington ES
- Wheatland MS
- Wickersham ES
- School Improvement

**Director of Schools (Benitez)**

- Principals
- Athletics
- Career & Technology Education
- Buchanan ES
- Fulton ES
- Hand MS
- King ES
- Lincoln MS
- Martin K-8
- McCaskey Campus
- Wharton ES
- School Improvement

**Director of Student Services (Lopez)**

- Community Schools & Partnerships
- Continuations & Transfers
- Families in Transition
- Health Services
- Parent Concerns / District Hearings
- Parent Involvement & Relations
- School Based Behavioral Health
- School Counseling/ Social Emotional Learning
- School Safety
- Special & Gifted Education
- Student Assistance Program

**Director of Strategic Communications (Aurand)**

- Community & Media Relations
- District Publications
- Marketing & Branding
- Social Media
- Website Content

**Chief of Finance & Operations (Przywara)**

- Business & Finance
- Capital Projects
- Child Accounting
- Facilities & Building Operations
- Food Services
- Grant Development
- Information Technology
- Payroll
- Talent & Employee Engagement
- Transportation

**Chief of Talent & Employee Engagement (Turns)**

- Benefits
- Certifications
- Compensation & Classification
- Labor & Employee Relations
- On-Boarding
- Professional Development
- Talent Acquisition

Students and Educators

Social & Emotional Support

Infrastructure and Support



Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

Presented to

**School District of Lancaster  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**School District of Lancaster**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE  
Chief Operating Officer

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**SCHOOL DISTRICT OF LANCASTER  
FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District of Lancaster, Lancaster, Pennsylvania as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise School District of Lancaster'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 School District of Lancaster, Lancaster, Pennsylvania as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the School District of Lancaster's 2018 financial statements, and our report dated December 14, 2018, 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, 2018, 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, post-employment healthcare benefits schedule of funding progress and 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 22 through 31 and 72 through 76 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 the School District of Lancaster's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and certain state grants are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and certain state grants are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of School District of Lancaster'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 School District of Lancaster's internal control over financial reporting and compliance.

**BBD, LLP**

**Philadelphia, Pennsylvania  
December 13, 2019**

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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As management of the School District of Lancaster (the "*District*"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the School District of Lancaster for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and related footnotes.

### FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2018-2019 fiscal year of \$210.2 million. During the 2018-2019 fiscal year, the District had a decrease in total net position of \$3.6 million. The net position of governmental activities decreased by \$4.5 million and the net position of the business-type activities increased by \$835 thousand.
- General revenues and transfers related to governmental activities accounted for \$155.3 million, or 70 percent of all governmental activities revenues for fiscal year 2019. Program-specific revenues in the form of charges for services, grants and contributions accounted for \$68.3 million, or the remaining 30 percent of governmental activities.
- Program revenues related to business-type activities accounted for \$8.4 million, or almost 100 percent of all business-type activity revenues for fiscal year 2019.
- The District had approximately \$228.1 million in expenses related to governmental activities, of which \$68.3 million is directly funded by program revenues in the form of grants, charges for services and contributions. The remaining expenses related to governmental activities are financed primarily through tax revenues and the State Basic Education Subsidy.
- The General Fund reported an increase in fund balance of \$1.3 million bringing the cumulative balance to \$30.4 million at the conclusion of the 2018-2019 fiscal year. This represents a cumulative total increase since its deficit at the conclusion of the 2003-2004 fiscal year of \$33.9 million.
- At June 30, 2019, the General Fund fund balance includes \$6.4 million committed or assigned by the School Board or Management for the following purposes:
  - ◆ \$1.0 million committed for security projects
  - ◆ \$2.5 million committed for technology projects
  - ◆ \$2.75 million assigned for repairs and maintenance contingency
  - ◆ \$138 thousand assigned for student activities
- Actual revenues and other financing sources were \$10.1 million more than budgeted amounts and actual expenditures and other financing uses were \$6.4 million more than budgeted amounts resulting in a net positive variance of \$3.7 million. The District utilized \$2.4 million of fund balance to balance the 2018-2019 budget.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis ("*MD&A*") is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components:

- Government-Wide Financial Statements
  - Fund Financial Statements
  - Notes to Financial Statements
-

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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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. There are two government-wide statements presented in this report.

- 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 position of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- The *Statement of Activities* presents information showing how the District's net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) are reported as soon 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).

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

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, transportation and administration. Property taxes and state formula aid finance most of these activities.

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

The District charges fees to cover the costs of certain services it provides, such as the food service program.

The government-wide financial statements can be found on pages 32 and 33 of this report.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A *fund* is a grouping 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 basic services are included in 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 a district's near-term financing requirements.

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances 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 governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Project Fund which is considered to be a major fund. The Debt Service Fund, which is considered to be a non-major fund, is also presented in the governmental fund financial statements.

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

The basic governmental fund financial statements can be found on pages 34 through 38 of this report.

### ***Proprietary Funds***

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses an internal service fund to account for the District's self-funded healthcare insurance 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 basic proprietary fund financial statements can be found on pages 39 through 41 of this report.

### ***Fiduciary Funds***

The District is the trustee, or fiduciary, for assets that belong to others, consisting of the student activity and homeless funds. The District is responsible for ensuring that the assets reported in this fund 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 basic fiduciary fund financial statement can be found on page 42 of this report.

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

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

The notes to financial statements can be found on pages 43 through 71 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 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, as well as additional analysis which consists of combining and individual fund financial statements.

The required supplementary information and additional analysis can be found on pages 72 through 79 of this report.

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# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$210.2 million at the close of the most recent fiscal year. The table below summarizes the *Statement of Net Position (Deficit)* of the District at June 30, 2019 and 2018 (expressed in thousands).

Changes in the net position (deficit) of the District are highlighted in the following table (expressed in thousands):

|  | Governmental<br>Activities |                    | Business-Type<br>Activities |               | Totals             |                    |
|--|----------------------------|--------------------|-----------------------------|---------------|--------------------|--------------------|
|  | 2019                       | 2018               | 2019                        | 2018          | 2019               | 2018               |
| <b>ASSETS</b>  |                            |                    |                             |               |                    |                    |
| Current assets   | \$ 110,287                 | \$ 109,350         | \$6,240                     | \$5,179       | \$ 116,527         | \$ 114,528         |
| Capital assets   | <u>173,185</u>             | <u>146,462</u>     | <u>436</u>                  | <u>474</u>    | <u>173,621</u>     | <u>146,936</u>     |
| <b>Total assets</b>                                    | <u>283,472</u>             | <u>255,812</u>     | <u>6,675</u>                | <u>5,653</u>  | <u>290,147</u>     | <u>261,465</u>     |
| <b>DEFERRED OUTFLOWS</b>                               |                            |                    |                             |               |                    |                    |
| Deferred charges OPEB and proportionate share of PSERS | 48,894                     | 56,008             | 805                         | 954           | 49,698             | 56,962             |
| Deferred charges on debt refunding                     | <u>1,647</u>               | <u>1,912</u>       | <u>-</u>                    | <u>-</u>      | <u>1,647</u>       | <u>1,912</u>       |
|  | <u>50,540</u>              | <u>57,920</u>      | <u>805</u>                  | <u>954</u>    | <u>51,345</u>      | <u>58,874</u>      |
| <b>LIABILITIES</b>                                     |                            |                    |                             |               |                    |                    |
| Current liabilities                                    | 44,217                     | 35,242             | 437                         | 344           | 44,653             | 35,587             |
| Long-term liabilities                                  | <u>492,778</u>             | <u>478,988</u>     | <u>5,253</u>                | <u>5,346</u>  | <u>498,032</u>     | <u>484,334</u>     |
| <b>Total liabilities</b>                               | <u>536,995</u>             | <u>514,230</u>     | <u>5,690</u>                | <u>5,690</u>  | <u>542,685</u>     | <u>519,920</u>     |
| <b>DEFERRED INFLOWS</b>                                |                            |                    |                             |               |                    |                    |
| Deferred credits OPEB and proportionate share of PSERS | <u>8,927</u>               | <u>6,955</u>       | <u>84</u>                   | <u>45</u>     | <u>9,011</u>       | <u>7,000</u>       |
| <b>NET POSITION (DEFICIT)</b>                          |                            |                    |                             |               |                    |                    |
| Net investment in capital assets                       | 24,545                     | 23,902             | 436                         | 474           | 24,980             | 24,376             |
| Restricted   | 23,248                     | 18,747             | -                           | -             | 23,248             | 18,747             |
| Unrestricted (deficit)                                 | <u>(259,703)</u>           | <u>(250,102)</u>   | <u>1,271</u>                | <u>397</u>    | <u>(258,432)</u>   | <u>(249,705)</u>   |
| <b>Total net position (deficit)</b>                    | <u>\$(211,910)</u>         | <u>\$(207,453)</u> | <u>\$1,706</u>              | <u>\$ 871</u> | <u>\$(210,204)</u> | <u>\$(206,582)</u> |

Overall, the District's financial position has been improving, but challenges such as increased medical costs, pension contributions, charter school tuitions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District is consistently implementing cost-cutting and revenue-generating strategies to combat these factors. The District's financial position is a product of many factors. In the governmental activities, the District's tax base drives the majority of the revenue generated. The District consists of two municipalities: the City of Lancaster and Lancaster Township. The assessed values of both municipalities remain relatively flat over time and have been stretched thin because of the urban setting that the District encompasses. In the business-type activities (food service), the operation continues to be a very efficiently run operation due to the streamlined food production system that utilizes pre-packaged items. These implementations are less labor-intense.

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

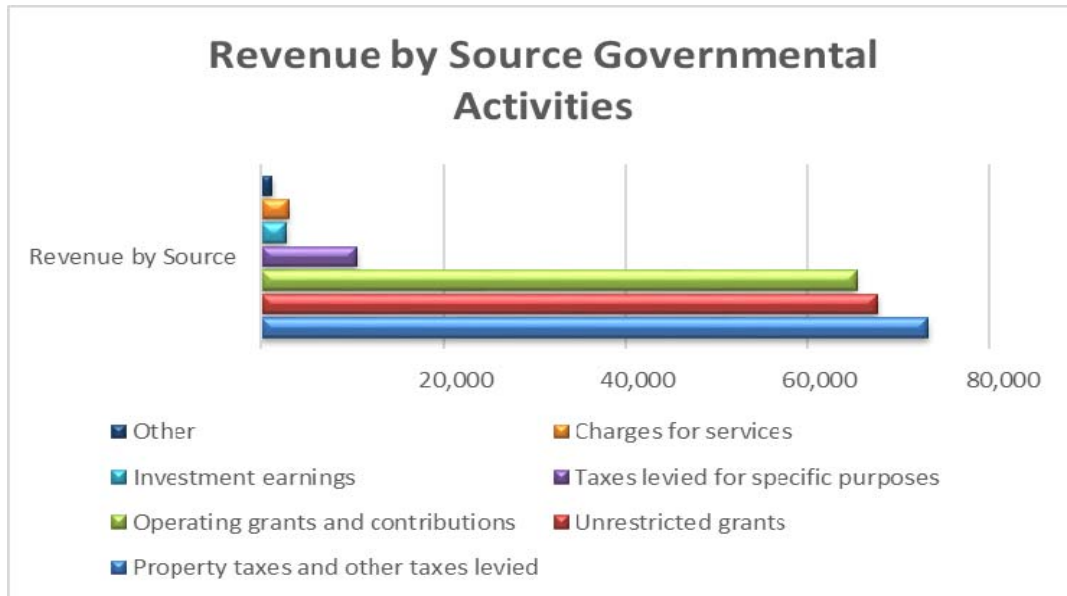
|   | Governmental<br>Activities |                           | Business-Type<br>Activities |                      | Totals                    |                           |
|---|----------------------------|---------------------------|-----------------------------|----------------------|---------------------------|---------------------------|
|   | 2019                       | 2018                      | 2019                        | 2018                 | 2019                      | 2018                      |
| <b>REVENUES</b>   |                            |                           |                             |                      |                           |                           |
| <b>Program revenues</b>   |                            |                           |                             |                      |                           |                           |
| Charges for services  | \$ 2,947                   | \$ 2,676                  | \$ 659                      | \$ 668               | \$ 3,606                  | \$ 3,344                  |
| Operating grants and contributions                                      | 65,371                     | 63,881                    | 7,703                       | 7,654                | 73,074                    | 71,535                    |
| Capital grants and contributions  | -                          | -                         | -                           | -                    | -                         | -                         |
| <b>General revenues</b>   |                            |                           |                             |                      |                           |                           |
| Property taxes and other taxes levied for general purposes              | 73,130                     | 71,671                    | -                           | -                    | 73,130                    | 71,671                    |
| Taxes levied for specific purposes                                      | 10,406                     | 9,009                     | -                           | -                    | 10,406                    | 9,009                     |
| Grants, subsidies and contributions not restricted to specific programs | 67,619                     | 66,531                    | -                           | -                    | 67,619                    | 66,531                    |
| Investment earnings   | 2,749                      | 846                       | 4                           | 2                    | 2,753                     | 848                       |
| Other   | 1,131                      | 1,394                     | -                           | -                    | 1,131                     | 1,394                     |
| <b>Total revenues</b>   | <u>223,353</u>             | <u>216,009</u>            | <u>8,366</u>                | <u>8,325</u>         | <u>231,719</u>            | <u>224,332</u>            |
| <b>EXPENSES</b>   |                            |                           |                             |                      |                           |                           |
| Instruction   | 146,834                    | 142,779                   | -                           | -                    | 146,834                   | 142,779                   |
| Instructional student support services                                  | 29,583                     | 27,131                    | -                           | -                    | 29,583                    | 27,131                    |
| Administrative and financial support services                           | 23,651                     | 21,917                    | -                           | -                    | 23,651                    | 21,917                    |
| Operation and maintenance of plant services                             | 13,688                     | 13,378                    | -                           | -                    | 13,688                    | 13,378                    |
| Pupil transportation  | 5,638                      | 4,926                     | -                           | -                    | 5,638                     | 4,926                     |
| Student activities  | 2,048                      | 2,415                     | -                           | -                    | 2,048                     | 2,415                     |
| Community services  | 521                        | 631                       | -                           | -                    | 521                       | 631                       |
| Food service  | -                          | -                         | 7,239                       | 7,084                | 7,240                     | 7,084                     |
| Interest on long-term debt  | 6,137                      | 6,061                     | -                           | -                    | 6,137                     | 6,061                     |
| <b>Total expenses</b>   | <u>228,101</u>             | <u>219,239</u>            | <u>7,239</u>                | <u>7,084</u>         | <u>235,340</u>            | <u>226,322</u>            |
| <b>Change in net position (deficit) before transfers</b>                | (4,748)                    | (3,230)                   | 1,127                       | 1,241                | (3,622)                   | (1,989)                   |
| Transfers   | 291                        | 437                       | (291)                       | (437)                | -                         | -                         |
| <b>CHANGE IN NET POSITION (DEFICIT)</b>                                 | (4,457)                    | (2,793)                   | 835                         | 804                  | (3,622)                   | (1,989)                   |
| <b>NET POSITION (DEFICIT)</b>   |                            |                           |                             |                      |                           |                           |
| Beginning of year   | <u>(207,453)</u>           | <u>(204,660)</u>          | <u>871</u>                  | <u>67</u>            | <u>(206,582)</u>          | <u>(204,593)</u>          |
| <b>End of Year</b>  | <u><b>\$(211,910)</b></u>  | <u><b>\$(207,453)</b></u> | <u><b>\$1,706</b></u>       | <u><b>\$ 871</b></u> | <u><b>\$(210,204)</b></u> | <u><b>\$(206,582)</b></u> |

# SCHOOL DISTRICT OF LANCASTER

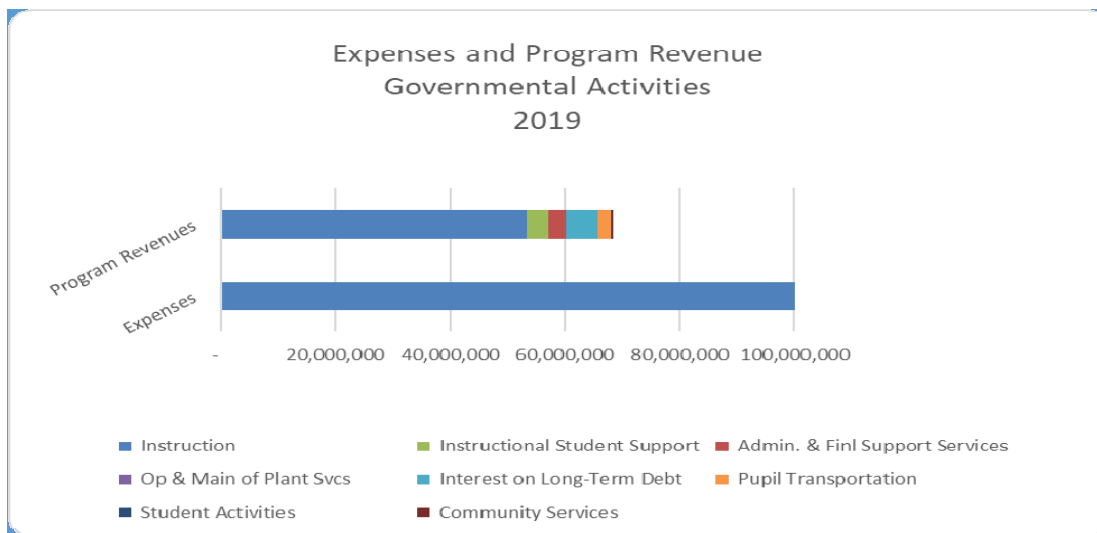
## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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 and grants and entitlements not restricted for specific programs to finance its governmental activities.



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, raising enough program revenue to cover their costs, as most traditional governmental services are not.



As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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### FINANCIAL ANALYSIS OF THE DISTRICT FUNDS

#### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$57.6 million. Approximately \$23.7 million, or 41 percent of this total, constitutes the general fund unassigned fund balance, which is available for spending at the District's discretion. In addition, approximately \$17.0 million, or 30 percent is restricted for capital projects in the Capital Projects Fund. The remainder of fund balance is considered nonspendable, restricted, committed or assigned to indicate that it is not available for use.

The General Fund is the District's primary operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$23.7 million, while the total fund balance increased to \$30.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 11 percent of total General Fund expenditures, while total fund balance represents approximately 13 percent of that same amount. The Pennsylvania Department of Education has a limit of 8% of fund balance to be designated as unassigned. This limit only applies at the time when a District sets its annual Budget. The District will make the necessary adjustments and long-term planning decisions to allocate the amount that is currently over this limit during the 2019-2020 fiscal year prior to the adoption of the 2019-2020 annual budget.

The fund balance of the District's General Fund increased \$1.3 million during the current fiscal year. The majority of the increase resulted from an increase in federal funds received from Medicaid ACCESS, Title I and 21<sup>st</sup> Century grants.

At June 30, 2019, the General Fund fund balance includes \$3.5 million committed for technology and security projects as well as \$2.8 million assigned to repairs and maintenance contingency.

The Capital Projects Fund has a total fund balance of \$17.0 million, all of which is restricted for capital improvement projects. The Capital Projects Fund receives funding from bond issues that have been restricted to fund various building construction and improvement projects and transfers from the General Fund

#### **Proprietary Funds**

Unrestricted net position of the Food Service Fund amounted to \$1.3 million at June 30, 2019. The total increase in net position for this fund was \$835 thousand.

Unrestricted net position of the self-insurance Internal Service Fund presented a balance of \$6.8 million at June 30, 2019, which is a decrease of \$2.2 million from the prior year. Through successful negotiations with our collective bargaining units, the District was able to expand its offering of health plans to more than 60 percent of eligible employees. The District will continue to monitor the net position during the current year in accordance with the cash flow budget.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.



# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

The 2018-2019 General Fund budget included a 3.0 percent increase in total revenues and 4.31 percent increase in expenses to that of the prior year. For 2018-2019 there were no modifications to the original and final budget.

Major budgetary variances are comprised of the following:

- Local revenue had a favorable variance of \$5.8 million due to higher than anticipated interest income in the amount of \$726 thousand. In addition, the District recognized \$3.0 million in revenue related to a delinquent tax sale that was not budgeted as well as \$1.8 million in additional real estate transfer tax and earned income tax.
- State revenue had a favorable variance of \$311 thousand due to an additional \$300 thousand in Pre-K grants
- Federal revenue had a favorable variance of \$2.3 million due to an additional \$1.0 million from Title I A grant and a 600,000 Title I grant. In addition there were increased revenues from ACCESS Medicaid reimbursements.
- Other instructional programs had an unfavorable variance of \$946 thousand due to additional afterschool and summer programs unanticipated grant funding.
- Pre-Kindergarten programs had an unfavorable variance of \$701 thousand due to an unanticipated increase in grant funding to support additional pre-kindergarten classrooms.
- Instructional staff services had a favorable variance of \$2.9 million due to \$1.6 million less spent in technology maintenance and infrastructure due to more competitive pricing and \$1.3 million less spent in curriculum materials and unfilled instructional coaching positions resulting in lower personnel costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$173.6 million (net of accumulated depreciation). This represents an increase of \$26.7 million. The following table shows the breakdown of this figure.

|                                | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Totals</u>         |                       |
|--------------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
|                                |                                    |                                     | <u>2019</u>           | <u>2018</u>           |
| Land                           | \$ 3,488,357                       | \$ -                                | \$ 3,488,357          | \$ 3,488,357          |
| Construction-in-progress       | 40,742,918                         | -                                   | 40,742,918            | 9,217,535             |
| Buildings and improvements     | 229,418,726                        | -                                   | 229,418,726           | 227,913,972           |
| Land improvements              | 6,866,664                          | -                                   | 6,866,664             | 6,866,664             |
| Furniture and equipment        | 3,843,497                          | 883,275                             | 4,726,772             | 3,276,626             |
| Vehicles                       | 903,968                            | 426,513                             | 1,330,481             | 1,237,697             |
| Less: Accumulated depreciation | <u>(112,079,017)</u>               | <u>(874,215)</u>                    | <u>(112,953,232)</u>  | <u>(105,064,434)</u>  |
| Total                          | <u>\$ 173,185,113</u>              | <u>\$ 435,573</u>                   | <u>\$ 173,620,686</u> | <u>\$ 146,936,417</u> |

Major capital asset events during the current fiscal year included the following:

- The District began construction of a new Buchanan Elementary School as well as the continued renovations of Reynolds and Lincoln Middle Schools during this school year. Completion of these projects is expected by the end of the 2020 school year.

Additional information on the District's capital assets can be found in Note 5 on pages 54 of this report.

### Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$147.0 million. This figure represents the outstanding principal due on these obligations.

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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|              | <b><u>Outstanding at<br/>June 30, 2019</u></b> |
|--------------|--|
| 2010 QSCB    | \$ 30,000,000                                  |
| 2011 Issue   | 1,830,000                                      |
| 2011 QSCB    | 34,789,000                                     |
| 2015 Issue   | 9,325,000                                      |
| 2016 A Issue | 19,990,000                                     |
| 2016 B Issue | 22,065,000                                     |
| 2017 Issue   | 9,025,000                                      |
| 2018 Issue   | 10,000,000                                     |
| 2019 Issue   | <u>10,000,000</u>                              |
| Total        | <u>\$147,024,000</u>                           |

The District's total general obligation debt increased by \$14.8 million during the current fiscal year. In addition to general obligation debt, the District has \$1.5 million outstanding in capital leases.

Under the Local Government Unit Debt Act of Pennsylvania, the borrowing capacity of the District is calculated in accordance with provisions of the Act, which describes the applicable debt limits. The District may incur both electoral and nonelectoral debt. Electoral debt has no limit, but must be approved by a majority of the District's voters. Nonelectoral debt is limited to 225 percent of District's borrowing base. The current legal debt limitation is \$486 million, which is significantly in excess of the District's outstanding general obligation debt. Additional information can be found on page 94 in the statistical section of the report.

The District reports its allocated portion of its defined benefit unfunded benefit obligations related to its participation in PSERS and its single employer defined benefit plan. The District's allocated portion of the net pension and other post employment benefit liability is an actuarially determined estimate of the unfunded cost of the pension plan and other post employment benefit obligation which totaled \$334.5 million as of June 30, 2019. The District's net pension and other post employment liabilities decreased by \$2.9 million or 1.0 percent during the fiscal year.

Additional information on the District's long-term debt can be found in Note 7 on pages 55 through 58 of this report.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District passed a budget for 2019-2020 that will utilize over \$4.5 million of the fund reserves to balance the budget which equates to a \$6.9 million utilization over the past two years of planned reserves.
- Act 1 of 2006 puts a ceiling on the amount of real estate taxes a school district can levy.
  - That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state, the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
  - Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to cost increases in excess of the Act 1 index (e.g., retirement system contributions) over which the school district has no control.

# SCHOOL DISTRICT OF LANCASTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2019

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- Pension costs to the District associated with the Public School Employee Retirement System ("**PSERS**") continue to rise as the Pennsylvania pension system remains underfunded. The employer's rate for 2018-2019 was 33.43% and the rate for 2019-2020 is 34.29%. The projected rate for 2020-2021 is 34.51%. These increasing pension costs continue to erode any new sources of revenue and impact core educational programs as the District balances the budget on an annual basis.
- Interest rates are showing signs of decline during the 3<sup>rd</sup> quarter of 2019.
- The District's Phase III construction projects for the 2019-2020 include the continued renovations at Reynolds Middle School, Lincoln Middle School, a new building for Buchanan Elementary School. The district secured additional funding of \$38.6 million. Plans for Wickersham Elementary are included in future funding plans.
- Budget focus areas for the 2019-2020 year include Teaching & Learning, Student Centered Climate & Culture, Community Engagement and Operational Effectiveness.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School District of Lancaster's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief of Finance and Operations, School District of Lancaster, 251 S. Prince Street, 3<sup>rd</sup> floor, Lancaster, PA 17603, or by calling (717) 291-6129 during business hours.

# SCHOOL DISTRICT OF LANCASTER

## STATEMENT OF NET POSITION (DEFICIT)

June 30, 2019 with summarized comparative data for June 30, 2018

|  | Governmental            | Business-type       | Totals                  |                         |
|--|-------------------------|---------------------|-------------------------|-------------------------|
|  | Activities              | Activities          | 2019                    | 2018                    |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                             |                         |                     |                         |                         |
| <b>ASSETS</b>  |                         |                     |                         |                         |
| Cash and cash equivalents  | \$ 77,126,256           | \$ 157,140          | \$ 77,283,396           | \$ 21,452,280           |
| Investments  | 240,000                 | -                   | 240,000                 | 58,179,832              |
| Taxes receivable   | 1,725,166               | -                   | 1,725,166               | 1,661,346               |
| Pledged taxes receivable   | 1,045,139               | -                   | 1,045,139               | 1,832,376               |
| Internal balances  | (5,602,593)             | 5,602,593           | -                       | -                       |
| Due from other governments   | 19,592,902              | 336,319             | 19,929,221              | 18,776,844              |
| Other receivables  | 3,260,438               | 11,402              | 3,271,840               | 3,837,079               |
| Other assets   | 1,031,090               | -                   | 1,031,090               | 744,717                 |
| Inventories  | 200,150                 | 132,107             | 332,257                 | 353,943                 |
| Prepaid expenses   | 1,281,254               | -                   | 1,281,254               | 1,557,520               |
| Prepaid bond insurance costs   | 181,148                 | -                   | 181,148                 | 151,106                 |
| Restricted assets  |                         |                     |                         |                         |
| Cash and cash equivalents with fiscal agent                                  | 7,619                   | -                   | 7,619                   | 4,041                   |
| Investments with fiscal agent  | 10,198,550              | -                   | 10,198,550              | 5,977,326               |
| Capital assets   |                         |                     |                         |                         |
| Land   | 3,488,357               | -                   | 3,488,357               | 3,488,357               |
| Construction-in-progress   | 40,742,918              | -                   | 40,742,918              | 9,217,535               |
| Buildings and improvements   | 229,418,726             | -                   | 229,418,726             | 227,913,972             |
| Land improvements  | 6,866,664               | -                   | 6,866,664               | 6,866,664               |
| Furniture and equipment  | 3,843,497               | 883,275             | 4,726,772               | 3,276,626               |
| Vehicles   | 903,968                 | 426,513             | 1,330,481               | 1,237,697               |
| Accumulated depreciation   | (112,079,017)           | (874,215)           | (112,953,232)           | (105,064,434)           |
| <b>Total assets</b>  | <b>283,472,232</b>      | <b>6,675,134</b>    | <b>290,147,366</b>      | <b>261,464,827</b>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                         |                     |                         |                         |
| Deferred charges on proportionate share of pension items                     | 45,596,798              | 781,218             | 46,378,016              | 53,978,630              |
| Deferred charges on bond refunding   | 1,646,636               | -                   | 1,646,636               | 1,911,957               |
| Deferred charges on proportionate share of OPEB items                        | 1,355,030               | 23,723              | 1,378,753               | 960,766                 |
| Deferred charges on district OPEB items                                      | 1,941,709               | -                   | 1,941,709               | 2,022,445               |
| <b>Total deferred outflows of resources</b>                                  | <b>50,540,173</b>       | <b>804,941</b>      | <b>51,345,114</b>       | <b>58,873,798</b>       |
| <b>Total assets and deferred outflows of resources</b>                       | <b>334,012,405</b>      | <b>7,480,075</b>    | <b>341,492,480</b>      | <b>320,338,625</b>      |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b> |                         |                     |                         |                         |
| <b>LIABILITIES</b>   |                         |                     |                         |                         |
| Accounts payable   | 15,604,206              | 85,283              | 15,689,489              | 8,779,164               |
| Accrued salaries and benefits  | 26,680,385              | 351,399             | 27,031,784              | 25,056,567              |
| Accrued interest   | 1,461,237               | -                   | 1,461,237               | 1,340,341               |
| Unearned revenues  | 470,950                 | -                   | 470,950                 | 410,753                 |
| Long-term liabilities  |                         |                     |                         |                         |
| Portion due or payable within one year                                       |                         |                     |                         |                         |
| Bonds payable  | 8,805,000               | -                   | 8,805,000               | 8,570,000               |
| Capital leases payable   | 952,750                 | -                   | 952,750                 | 417,011                 |
| Accumulated compensated absences/accrued retirement bonus                    | 165,510                 | 2,366               | 167,876                 | 104,689                 |
| Portion due or payable after one year:                                       |                         |                     |                         |                         |
| Bonds payable  | 145,479,417             | -                   | 145,479,417             | 130,898,672             |
| Capital leases payable   | 582,417                 | -                   | 582,417                 | 370,334                 |
| Collateralized borrowing   | 3,034,698               | -                   | 3,034,698               | 3,135,400               |
| Net pension liability - district PSERS proportionate share                   | 288,752,662             | 4,989,338           | 293,742,000             | 298,849,000             |
| Net OPEB liability - district PSERS OPEB proportionate share                 | 12,541,503              | 216,497             | 12,758,000              | 12,328,000              |
| Total OPEB liability - district OPEB   | 27,994,552              | -                   | 27,994,552              | 26,184,153              |
| Accumulated compensated absences/accrued retirement bonus                    | 4,469,421               | 44,958              | 4,514,379               | 3,476,273               |
| <b>Total liabilities</b>   | <b>536,994,708</b>      | <b>5,689,841</b>    | <b>542,684,549</b>      | <b>519,920,357</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                         |                     |                         |                         |
| Deferred credits on proportionate share of pension items                     | 4,997,908               | 75,024              | 5,072,932               | 2,713,646               |
| Deferred credits on proportionate share of OPEB items                        | 484,649                 | 8,971               | 493,620                 | 579,494                 |
| Deferred credits on district OPEB items                                      | 3,444,932               | -                   | 3,444,932               | 3,706,726               |
| <b>Total liabilities and deferred inflows of resources</b>                   | <b>545,922,197</b>      | <b>5,773,836</b>    | <b>551,696,033</b>      | <b>526,920,223</b>      |
| <b>NET POSITION (DEFICIT)</b>  |                         |                     |                         |                         |
| Net investment in capital assets   | 24,544,636              | 435,573             | 24,980,209              | 24,375,763              |
| Restricted for debt service  | 10,206,169              | -                   | 10,206,169              | 5,981,367               |
| Restricted for capital projects  | 13,041,948              | -                   | 13,041,948              | 12,766,083              |
| Unrestricted (deficit)   | (259,702,545)           | 1,270,666           | (258,431,879)           | (249,704,811)           |
| <b>Total net position (deficit)</b>  | <b>\$ (211,909,792)</b> | <b>\$ 1,706,239</b> | <b>\$ (210,203,553)</b> | <b>\$ (206,581,598)</b> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## STATEMENT OF ACTIVITIES

Year ended June 30, 2019 with summarized comparative data for the year ended June 30, 2018

|   | Expenses              | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position (Deficit) |                          |                         |                         |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------|-------------------------|
|   |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                                     | Business-type Activities | Totals                  |                         |
|   |                       |                      |                                    |                                  |   |                          | 2019                    | 2018                    |
| <b>GOVERNMENTAL ACTIVITIES</b>                              |                       |                      |                                    |                                  |   |                          |                         |                         |
| Instruction   | \$ 146,833,906        | \$ 2,859,353         | \$ 50,468,813                      | \$ -                             | \$ (93,505,740)   | \$ -                     | \$ (93,505,740)         | \$ (90,224,997)         |
| Instructional student support                               | 29,583,068            | -                    | 3,696,332                          | -                                | (25,886,736)  | -                        | (25,886,736)            | (23,673,083)            |
| Administrative and financial support services               | 23,650,963            | -                    | 2,859,444                          | -                                | (20,791,519)  | -                        | (20,791,519)            | (19,310,078)            |
| Operation and maintenance of plant services                 | 13,688,769            | -                    | 298,429                            | -                                | (13,390,340)  | -                        | (13,390,340)            | (13,089,952)            |
| Pupil transportation  | 5,637,540             | -                    | 2,187,580                          | -                                | (3,449,960)   | -                        | (3,449,960)             | (2,867,689)             |
| Student activities  | 2,048,478             | 76,229               | 243,843                            | -                                | (1,728,406)   | -                        | (1,728,406)             | (2,264,936)             |
| Community services  | 521,462               | 11,404               | 10,696                             | -                                | (499,362)   | -                        | (499,362)               | (601,929)               |
| Interest on long-term debt                                  | 6,137,433             | -                    | 5,605,719                          | -                                | (531,714)   | -                        | (531,714)               | (648,916)               |
| <b>Total governmental activities</b>                        | <u>228,101,619</u>    | <u>2,946,986</u>     | <u>65,370,856</u>                  | <u>-</u>                         | <u>(159,783,777)</u>  | <u>-</u>                 | <u>(159,783,777)</u>    | <u>(152,681,580)</u>    |
| <b>BUSINESS-TYPE ACTIVITIES</b>                             |                       |                      |                                    |                                  |   |                          |                         |                         |
| Food service  | 7,238,786             | 658,249              | 7,702,867                          | -                                | -   | 1,122,330                | 1,122,330               | 1,238,902               |
| <b>Total primary government</b>                             | <u>\$ 235,340,405</u> | <u>\$ 3,605,235</u>  | <u>\$ 73,073,723</u>               | <u>\$ -</u>                      | <u>(159,783,777)</u>  | <u>1,122,330</u>         | <u>(158,661,447)</u>    | <u>(151,442,678)</u>    |
| <b>GENERAL REVENUES</b>                                     |                       |                      |                                    |                                  |   |                          |                         |                         |
| Property taxes levied for general purposes                  |                       |                      |                                    |                                  | 73,129,795  | -                        | 73,129,795              | 71,670,605              |
| Earned income tax   |                       |                      |                                    |                                  | 7,615,280   | -                        | 7,615,280               | 7,214,107               |
| Transfer tax  |                       |                      |                                    |                                  | 2,626,132   | -                        | 2,626,132               | 1,609,272               |
| Local services tax  |                       |                      |                                    |                                  | 164,785   | -                        | 164,785                 | 185,879                 |
| Grants and entitlements not restricted to specific programs |                       |                      |                                    |                                  | 67,618,836  | -                        | 67,618,836              | 66,531,487              |
| Investment earnings   |                       |                      |                                    |                                  | 2,749,234   | 3,944                    | 2,753,178               | 848,721                 |
| Miscellaneous   |                       |                      |                                    |                                  | 1,131,486   | -                        | 1,131,486               | 1,393,722               |
| <b>TRANSFERS</b>  |                       |                      |                                    |                                  | 291,283   | (291,283)                | -                       | -                       |
| <b>Total general revenues and transfers</b>                 |                       |                      |                                    |                                  | <u>155,326,831</u>  | <u>(287,339)</u>         | <u>155,039,492</u>      | <u>149,453,793</u>      |
| <b>CHANGE IN NET POSITION (DEFICIT)</b>                     |                       |                      |                                    |                                  | (4,456,946)   | 834,991                  | (3,621,955)             | (1,988,885)             |
| <b>NET POSITION (DEFICIT)</b>                               |                       |                      |                                    |                                  |   |                          |                         |                         |
| Beginning of year   |                       |                      |                                    |                                  | (207,452,846)   | 871,248                  | (206,581,598)           | (204,592,713)           |
| <b>End of year</b>  |                       |                      |                                    |                                  | <u>\$ (211,909,792)</u>                                     | <u>\$ 1,706,239</u>      | <u>\$ (210,203,553)</u> | <u>\$ (206,581,598)</u> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019 with summarized comparative data for June 30, 2018

|   | Major Funds          |                      |                      | Totals                |                      |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|
|   | General              | Capital              | Debt                 | 2019                  | 2018                 |
|   | Fund                 | Project Funds        | Service              |                       |                      |
| <b>ASSETS</b>   |                      |                      |                      |                       |                      |
| Cash and cash equivalents   | \$ 41,652,139        | \$ 23,306,265        | \$ -                 | \$ 64,958,404         | \$ 19,247,219        |
| Investments   | 240,000              | -                    | -                    | 240,000               | 48,679,832           |
| Restricted assets   |                      |                      |                      |                       |                      |
| Cash and cash equivalents with<br>fiscal agent                              | -                    | -                    | 7,619                | 7,619                 | 4,041                |
| Investments with fiscal agent   | -                    | -                    | 10,198,550           | 10,198,550            | 5,977,326            |
| Taxes receivable  | 3,728,774            | -                    | -                    | 3,728,774             | 4,052,028            |
| Due from other governments  | 18,724,769           | -                    | -                    | 18,724,769            | 16,664,659           |
| Other receivables   | 3,259,194            | 1,244                | -                    | 3,260,438             | 3,822,787            |
| Other assets  | 1,031,090            | -                    | -                    | 1,031,090             | 744,717              |
| Inventories   | 200,150              | -                    | -                    | 200,150               | 188,023              |
| Prepaid items   | 31,004               | -                    | -                    | 31,004                | 14,770               |
| <b>Total assets</b>   | <b>\$ 68,867,120</b> | <b>\$ 23,307,509</b> | <b>\$ 10,206,169</b> | <b>\$ 102,380,798</b> | <b>\$ 99,395,402</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b>     |                      |                      |                      |                       |                      |
| <b>LIABILITIES</b>  |                      |                      |                      |                       |                      |
| Due to other funds  | \$ 763,592           | \$ 302,155           | \$ -                 | \$ 1,065,747          | \$ 644,736           |
| Accounts payable  | 7,552,473            | 5,966,102            | -                    | 13,518,575            | 7,628,860            |
| Accrued salaries, payroll withholdings<br>and benefits                      | 26,680,385           | -                    | -                    | 26,680,385            | 24,729,718           |
| Unearned revenues   | 470,950              | -                    | -                    | 470,950               | 410,753              |
| <b>Total liabilities</b>  | <b>35,467,400</b>    | <b>6,268,257</b>     | <b>-</b>             | <b>41,735,657</b>     | <b>33,414,067</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                      |                      |                       |                      |
| Unavailable revenues - property taxes                                       | 3,034,697            | -                    | -                    | 3,034,697             | 3,135,399            |
| <b>FUND BALANCES</b>  |                      |                      |                      |                       |                      |
| Nonspendable  |                      |                      |                      |                       |                      |
| Inventories   | 200,150              | -                    | -                    | 200,150               | 188,023              |
| Prepaid items   | 31,004               | -                    | -                    | 31,004                | 14,770               |
| Restricted for  |                      |                      |                      |                       |                      |
| Debt service  | -                    | -                    | 10,206,169           | 10,206,169            | 5,981,367            |
| Capital projects  | -                    | 17,039,252           | -                    | 17,039,252            | 27,762,144           |
| Committed to  |                      |                      |                      |                       |                      |
| Security projects   | 1,000,000            | -                    | -                    | 1,000,000             | 1,000,000            |
| Technology projects   | 2,500,000            | -                    | -                    | 2,500,000             | 2,500,000            |
| Assigned to   |                      |                      |                      |                       |                      |
| Repairs and maintenance contingency   | 2,750,000            | -                    | -                    | 2,750,000             | 2,750,000            |
| Student activities  | 138,476              | -                    | -                    | 138,476               | 138,476              |
| Unassigned  | 23,745,393           | -                    | -                    | 23,745,393            | 22,511,156           |
| <b>Total fund balances</b>  | <b>30,365,023</b>    | <b>17,039,252</b>    | <b>10,206,169</b>    | <b>57,610,444</b>     | <b>62,845,936</b>    |
| <b>Total liabilities, deferred inflows<br/>of resources and liabilities</b> | <b>\$ 68,867,120</b> | <b>\$ 23,307,509</b> | <b>\$ 10,206,169</b> | <b>\$ 102,380,798</b> | <b>\$ 99,395,402</b> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

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

June 30, 2019

**TOTAL GOVERNMENTAL FUND BALANCES** \$ 57,610,444

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 funds. These assets consist of:

|                            |                      |             |
|----------------------------|----------------------|-------------|
| Land                       | \$ 3,488,357         |             |
| Construction in progress   | 40,742,918           |             |
| Buildings and improvements | 229,418,726          |             |
| Land improvements          | 6,866,664            |             |
| Furniture and equipment    | 3,843,497            |             |
| Vehicles                   | 903,968              |             |
| Accumulated depreciation   | <u>(112,079,017)</u> | 173,185,113 |

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

6,795,625

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

|   |                    |               |
|---|--------------------|---------------|
| Bonds payable   | (154,284,417)      |               |
| Capital leases payable                                    | (1,535,167)        |               |
| Collateralized borrowing                                  | (3,034,698)        |               |
| Accumulated compensated absences/accrued retirement bonus | (4,634,931)        |               |
| Net pension liability                                     | (288,752,662)      |               |
| Net PSERS OPEB liability                                  | (12,541,503)       |               |
| Total district OPEB liability                             | (27,994,552)       |               |
| Accrued interest  | <u>(1,461,237)</u> | (494,239,167) |

Refunded bonds resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights.

1,827,784

Deferred charges on proportionate share of pension items 45,596,798

Deferred charges on proportionate share of OPEB items 3,296,739

Deferred credits on proportionate share of pension items (4,997,908)

Deferred credits on OPEB items (3,929,581)

Other assets are related to long-term debt are not available to pay for current-period expenditures and are therefore not reported in the funds.

868,131

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

2,076,230

**NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** \$(211,909,792)

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30, 2019 with summarized comparative data for the year ended June 30, 2018

|  | Major Funds          |                          |                      | Totals               |                      |
|--|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | General<br>Fund      | Capital<br>Project Funds | Debt<br>Service      | 2019                 | 2018                 |
| <b>REVENUES</b>  |                      |                          |                      |                      |                      |
| Local sources  | \$ 89,509,149        | \$ 571,585               | \$ 1,052,353         | \$ 91,133,087        | \$ 85,768,202        |
| State sources  | 113,505,116          | -                        | -                    | 113,505,116          | 109,052,733          |
| Federal sources  | 19,206,516           | -                        | -                    | 19,206,516           | 21,175,997           |
| <b>Total revenues</b>  | <u>222,220,781</u>   | <u>571,585</u>           | <u>1,052,353</u>     | <u>223,844,719</u>   | <u>215,996,932</u>   |
| <b>EXPENDITURES</b>  |                      |                          |                      |                      |                      |
| Current:   |                      |                          |                      |                      |                      |
| Instruction  | 135,697,513          | -                        | -                    | 135,697,513          | 130,750,388          |
| Support services   | 68,561,518           | 10                       | -                    | 68,561,528           | 63,024,665           |
| Operation of noninstructional services                               | 2,527,343            | -                        | -                    | 2,527,343            | 3,082,902            |
| Facilities acquisition, construction, and<br>improvement services    | 1,299,709            | -                        | -                    | 1,299,709            | 1,938,088            |
| Capital outlay   |                      | 31,708,341               | -                    | 31,708,341           | 7,101,579            |
| Debt service:  |                      |                          |                      |                      |                      |
| Principal  | 8,112,010            | -                        | -                    | 8,112,010            | 8,156,576            |
| Interest   | 6,407,482            | -                        | -                    | 6,407,482            | 6,444,995            |
| Bond issuance costs  | -                    | 305,099                  | -                    | 305,099.00           | -                    |
| <b>Total expenditures</b>  | <u>222,605,575</u>   | <u>32,013,450</u>        | <u>-</u>             | <u>254,619,025</u>   | <u>220,499,193</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(384,794)</u>     | <u>(31,441,865)</u>      | <u>1,052,353</u>     | <u>(30,774,306)</u>  | <u>(4,502,261)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                      |                          |                      |                      |                      |
| Issuance of debt   | 4,528,558            | 20,000,000               | -                    | 24,528,558           | 4,056,461            |
| Premium on issuance of debt  | -                    | 718,973                  | -                    | 718,973              | -                    |
| Transfers in   | 291,283              | -                        | 3,172,449            | 3,463,732            | 7,640,729            |
| Transfers out  | (3,172,449)          | -                        | -                    | (3,172,449)          | (7,203,679)          |
| <b>Total other financing sources (uses)</b>                          | <u>1,647,392</u>     | <u>20,718,973</u>        | <u>3,172,449</u>     | <u>25,538,814</u>    | <u>4,493,511</u>     |
| <b>NET CHANGES IN FUND BALANCE</b>                                   | 1,262,598            | (10,722,892)             | 4,224,802            | (5,235,492)          | (8,750)              |
| <b>FUND BALANCES</b>   |                      |                          |                      |                      |                      |
| Beginning of year  | <u>29,102,425</u>    | <u>27,762,144</u>        | <u>5,981,367</u>     | <u>62,845,936</u>    | <u>62,854,686</u>    |
| <b>End of year</b>   | <u>\$ 30,365,023</u> | <u>\$ 17,039,252</u>     | <u>\$ 10,206,169</u> | <u>\$ 57,610,444</u> | <u>\$ 62,845,936</u> |

See accompanying notes



# SCHOOL DISTRICT OF LANCASTER

## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year ended June 30, 2019

|  |                              |
|--|------------------------------|
| <b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>  | <b>\$ (5,235,492)</b>        |
| Amounts reported for governmental activities in the statement of activities are different because:   |                              |
| Capital outlays are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay (\$34,520,497) exceeded depreciation (\$7,797,794) in the period. | 26,722,703                   |
| Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.   | (500,864)                    |
| Revenues in the governmental funds that provided current financial resources in the current year but are considered collateralized borrowing in the statement of net position. Repayment of this borrowing is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which the repayments exceeded the proceeds.                              | 100,702                      |
| The internal service fund, which is used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.  | (2,219,046)                  |
| The issuance of long-term debt provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statements of net position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.    | (15,517,822)                 |
| Governmental funds report issuance costs and bond discounts as expenditures and deferred bond refunding option proceeds and bond premiums as revenue. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.  | (281,024)                    |
| Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.  | (4,744,520)                  |
| Debt service subsidy reimbursements in the statement of activities differs from the amount reported in the governmental funds because debt service related payments are recognized as expenditures in the funds when it is due, therefore the related subsidy reimbursements is recognized as the related debt payment is accrued, regardless of when it is due.   | 9,535                        |
| Under the modified accrual basis of accounting used in the governmental funds expenditures are not recognized for the transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.                         |                              |
| Increase in bond interest accrual  | (120,898)                    |
| Increase in OPEB liability   | (1,556,059)                  |
| Increase in compensated absences   | <u>(1,114,161)</u>           |
| <b>CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>   | <b><u>\$ (4,456,946)</u></b> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## BUDGETARY COMPARISON STATEMENT - GENERAL FUND

Year ended June 30, 2019

|   | Budgeted Amounts     |                      | Actual<br>(GAAP Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------|----------------------|------------------------|---|
|   | Original             | Final                |                        |   |
| <b>REVENUES</b>   |                      |                      |                        |   |
| Local sources   | \$ 83,672,945        | \$ 83,672,945        | \$ 89,509,149          | \$ 5,836,204  |
| State sources   | 113,193,210          | 113,193,210          | 113,505,116            | 311,906   |
| Federal sources   | 16,944,994           | 16,944,994           | 19,206,516             | 2,261,522   |
| <b>Total revenues</b>   | <u>213,811,149</u>   | <u>213,811,149</u>   | <u>222,220,781</u>     | <u>8,409,632</u>  |
| <b>EXPENDITURES</b>   |                      |                      |                        |   |
| <b>Instruction</b>  |                      |                      |                        |   |
| Regular programs  | 83,790,765           | 83,790,765           | 86,559,021             | (2,768,256)   |
| Special programs  | 31,953,852           | 31,953,852           | 32,988,555             | (1,034,703)   |
| Vocational programs   | 1,963,297            | 1,963,297            | 2,304,853              | (341,556)   |
| Other instructional programs  | 7,673,093            | 7,673,093            | 8,619,081              | (945,988)   |
| Community/junior college education programs                           | 109,000              | 109,000              | 81,385                 | 27,615  |
| Pre-kindergarten programs   | 4,443,550            | 4,443,550            | 5,144,618              | (701,068)   |
| <b>Total instruction</b>  | <u>129,933,557</u>   | <u>129,933,557</u>   | <u>135,697,513</u>     | <u>(5,763,956)</u>                                      |
| <b>Support services</b>   |                      |                      |                        |   |
| Pupil personnel services  | 11,949,433           | 11,949,433           | 12,131,871             | (182,438)   |
| Instructional staff services  | 16,729,127           | 16,729,127           | 13,812,136             | 2,916,991   |
| Administrative services   | 11,685,564           | 11,685,564           | 12,216,314             | (530,750)   |
| Pupil health  | 2,660,666            | 2,660,666            | 2,599,018              | 61,648  |
| Business services   | 2,924,401            | 2,924,401            | 3,496,303              | (571,902)   |
| Operation and maintenance of plant services                           | 13,678,390           | 13,678,390           | 13,216,252             | 462,138   |
| Student transportation services                                       | 5,086,640            | 5,086,640            | 5,626,339              | (539,699)   |
| Central support services  | 5,204,709            | 5,204,709            | 5,417,886              | (213,177)   |
| Other support services  | 45,000               | 45,000               | 45,399                 | (399)   |
| <b>Total support services</b>   | <u>69,963,930</u>    | <u>69,963,930</u>    | <u>68,561,518</u>      | <u>1,402,412</u>  |
| <b>Operation of noninstructional services</b>                         |                      |                      |                        |   |
| Student activities  | 2,069,755            | 2,069,755            | 2,007,962              | 61,793  |
| Community services  | 249,672              | 249,672              | 519,381                | (269,709)   |
| <b>Total operation of noninstructional services</b>                   | <u>2,319,427</u>     | <u>2,319,427</u>     | <u>2,527,343</u>       | <u>(207,916)</u>  |
| <b>Facilities acquisition, construction, and improvement services</b> |                      |                      |                        |   |
| Existing building improvement services                                | 1,265,875            | 1,265,875            | 1,299,709              | (33,834)  |
| <b>Total facilities, construction and improvement services</b>        | <u>1,265,875</u>     | <u>1,265,875</u>     | <u>1,299,709</u>       | <u>(33,834)</u>   |
| <b>Debt service</b>   |                      |                      |                        |   |
| Principal   | 5,350,013            | 5,350,013            | 8,112,010              | (2,761,997)   |
| Interest  | 7,268,347            | 7,268,347            | 6,407,482              | 860,865   |
| <b>Total debt service</b>   | <u>12,618,360</u>    | <u>12,618,360</u>    | <u>14,519,492</u>      | <u>(1,901,132)</u>                                      |
| <b>Total expenditures</b>   | <u>216,101,149</u>   | <u>216,101,149</u>   | <u>222,605,575</u>     | <u>(6,504,426)</u>                                      |
| <b>Excess (deficiency) of revenues over (under) expenditures</b>      | <u>(2,290,000)</u>   | <u>(2,290,000)</u>   | <u>(384,794)</u>       | <u>1,905,206</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |                      |                      |                        |   |
| Issuance of debt  | 2,900,000            | 2,900,000            | 4,528,558              | 1,628,558   |
| Transfers in  | 250,000              | 250,000              | 291,283                | 41,283  |
| Transfers out   | (3,285,000)          | (3,285,000)          | (3,172,449)            | 112,551   |
| <b>Total other financing sources (uses)</b>                           | <u>(135,000)</u>     | <u>(135,000)</u>     | <u>1,647,392</u>       | <u>1,782,392</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                                     | <u>(2,425,000)</u>   | <u>(2,425,000)</u>   | <u>1,262,598</u>       | <u>3,687,598</u>  |
| <b>FUND BALANCE</b>   |                      |                      |                        |   |
| Beginning of year   | 29,102,425           | 29,102,425           | 29,102,425             | -   |
| <b>End of year</b>  | <u>\$ 26,677,425</u> | <u>\$ 26,677,425</u> | <u>\$ 30,365,023</u>   | <u>\$ 3,687,598</u>                                     |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

June 30, 2019 with summarized comparative data for June 30, 2018

|  | <u>Major Fund</u>        |                              | <u>Totals</u>       |                     |
|--|--------------------------|------------------------------|---------------------|---------------------|
|  | <u>Food Service Fund</u> | <u>Internal Service Fund</u> | <u>2019</u>         | <u>2018</u>         |
| <b>ASSETS</b>  |                          |                              |                     |                     |
| <b>CURRENT ASSETS</b>  |                          |                              |                     |                     |
| Cash and cash equivalents  | \$ 157,140               | \$12,167,852                 | \$12,324,992        | \$ 2,205,061        |
| Investments  | -                        | -                            | -                   | 9,500,000           |
| Due from other governments   | 336,319                  | -                            | 336,319             | 1,253,586           |
| Due from other funds   | 5,602,593                | -                            | 5,602,593           | 3,431,400           |
| Other receivables  | 11,402                   | -                            | 11,402              | 14,292              |
| Inventories  | 132,107                  | -                            | 132,107             | 165,920             |
| Prepaid expense  | -                        | 1,250,250                    | 1,250,250           | 1,542,750           |
| <b>Total current assets</b>  | <u>6,239,561</u>         | <u>13,418,102</u>            | <u>19,657,663</u>   | <u>18,113,009</u>   |
| <b>CAPITAL ASSETS</b>  |                          |                              |                     |                     |
| Furniture and equipment  | 883,275                  | -                            | 883,275             | 830,705             |
| Vehicles   | 426,513                  | -                            | 426,513             | 426,513             |
| Accumulated depreciation   | (874,215)                | -                            | (874,215)           | (783,211)           |
| <b>Capital assets, net</b>   | <u>435,573</u>           | <u>-</u>                     | <u>435,573</u>      | <u>474,007</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |                          |                              |                     |                     |
| Deferred charges on proportionate share of pension items           | 781,218                  | -                            | 781,218             | 936,308             |
| Deferred charges on proportionate share of OPEB items              | 23,723                   | -                            | 23,723              | 17,294              |
| <b>Total deferred outflows of resources</b>                        | <u>804,941</u>           | <u>-</u>                     | <u>804,941</u>      | <u>953,602</u>      |
| <b>Total assets and deferred outflows of resources</b>             | <u>7,480,075</u>         | <u>13,418,102</u>            | <u>20,898,177</u>   | <u>19,540,618</u>   |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b> |                          |                              |                     |                     |
| <b>CURRENT LIABILITIES</b>   |                          |                              |                     |                     |
| Accounts payable   | 85,283                   | 2,085,631                    | 2,170,914           | 1,150,304           |
| Accrued salaries, payroll withholdings and benefits                | 351,399                  | -                            | 351,399             | 326,849             |
| Due to other funds   | -                        | 4,536,846                    | 4,536,846           | 2,786,664           |
| Accrued compensated absences                                       | 2,366                    | -                            | 2,366               | 3,010               |
| <b>Total current liabilities</b>                                   | <u>439,048</u>           | <u>6,622,477</u>             | <u>7,061,525</u>    | <u>4,266,827</u>    |
| <b>NONCURRENT LIABILITIES</b>                                      |                          |                              |                     |                     |
| Accrued compensated absences/retirement bonuses                    | 44,958                   | -                            | 44,958              | 57,182              |
| Net pension liability - district PSERS proportionate share         | 4,989,338                | -                            | 4,989,338           | 5,076,157           |
| Net OPEB liability - district PSERS proportionate share            | 216,497                  | -                            | 216,497             | 209,187             |
| <b>Total noncurrent liabilities</b>                                | <u>5,250,793</u>         | <u>-</u>                     | <u>5,250,793</u>    | <u>5,342,526</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                          |                              |                     |                     |
| Deferred credits on proportionate share of pension items           | 75,024                   | -                            | 75,024              | 34,915              |
| Deferred credits on proportionate share of OPEB items              | 8,971                    | -                            | 8,971               | 10,431              |
| <b>Total deferred inflows of resources</b>                         | <u>83,995</u>            | <u>-</u>                     | <u>83,995</u>       | <u>45,346</u>       |
| <b>Total liabilities and deferred inflows of resources</b>         | <u>5,773,836</u>         | <u>6,622,477</u>             | <u>12,396,313</u>   | <u>9,654,699</u>    |
| <b>NET POSITION</b>  |                          |                              |                     |                     |
| Net investment in capital assets                                   | 435,573                  | -                            | 435,573             | 474,007             |
| Unrestricted   | 1,270,666                | 6,795,625                    | 8,066,291           | 9,411,912           |
| <b>TOTAL NET POSITION</b>  | <u>\$ 1,706,239</u>      | <u>\$ 6,795,625</u>          | <u>\$ 8,501,864</u> | <u>\$ 9,885,919</u> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30, 2019 with summarized comparative data for the year ended June 30, 2018

|   | <u>Major Fund</u>        |                              | <u>Totals</u>       |                     |
|---|--------------------------|------------------------------|---------------------|---------------------|
|   | <u>Food Service Fund</u> | <u>Internal Service Fund</u> | <u>2019</u>         | <u>2018</u>         |
| <b>OPERATING REVENUES</b>                     |                          |                              |                     |                     |
| Charges for services                          | \$ 658,249               | \$21,123,925                 | \$21,782,174        | \$21,829,810        |
| <b>OPERATING EXPENSES</b>                     |                          |                              |                     |                     |
| Salaries                                      | 1,549,368                | -                            | 1,549,368           | 1,506,615           |
| Employee benefits                             | 1,355,232                | 22,251,780                   | 23,607,012          | 22,256,435          |
| Claims administration and stop loss insurance | -                        | 1,273,520                    | 1,273,520           | 1,393,939           |
| Purchased professional and technical service  | 34,738                   | -                            | 34,738              | 28,236              |
| Purchased property service                    | 55,212                   | -                            | 55,212              | 52,189              |
| Other purchased service                       | 1,347                    | -                            | 1,347               | 2,267               |
| Supplies                                      | 4,100,715                | 60                           | 4,100,775           | 4,060,112           |
| Depreciation                                  | 91,004                   | -                            | 91,004              | 84,266              |
| Minor equipment                               | 49,745                   | -                            | 49,745              | 15,784              |
| Dues and fees                                 | 1,425                    | 58,987                       | 60,412              | 112,572             |
| <b>Total operating expenses</b>               | <u>7,238,786</u>         | <u>23,584,347</u>            | <u>30,823,133</u>   | <u>29,512,415</u>   |
| <b>Operating loss</b>                         | <u>(6,580,537)</u>       | <u>(2,460,422)</u>           | <u>(9,040,959)</u>  | <u>(7,682,605)</u>  |
| <b>NONOPERATING REVENUES</b>                  |                          |                              |                     |                     |
| Earnings on investments                       | 3,944                    | 241,376                      | 245,320             | 111,974             |
| State sources                                 | 578,219                  | -                            | 578,219             | 566,205             |
| Federal sources                               | 7,124,648                | -                            | 7,124,648           | 7,087,953           |
| <b>Total nonoperating revenues</b>            | <u>7,706,811</u>         | <u>241,376</u>               | <u>7,948,187</u>    | <u>7,766,132</u>    |
| <b>Income (loss) before transfers</b>         | 1,126,274                | (2,219,046)                  | (1,092,772)         | 83,527              |
| <b>TRANSFERS OUT</b>                          | <u>(291,283)</u>         | <u>-</u>                     | <u>(291,283)</u>    | <u>(437,050)</u>    |
| <b>CHANGE IN NET POSITION</b>                 | 834,991                  | (2,219,046)                  | (1,384,055)         | (353,523)           |
| <b>NET POSITION</b>                           |                          |                              |                     |                     |
| Beginning of year                             | <u>871,248</u>           | <u>9,014,671</u>             | <u>9,885,919</u>    | <u>10,239,442</u>   |
| <b>End of year</b>                            | <u>\$1,706,239</u>       | <u>\$ 6,795,625</u>          | <u>\$ 8,501,864</u> | <u>\$ 9,885,919</u> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2019 with summarized comparative data for the year ended June 30, 2018

|   | <u>Major Fund</u>        |                              | <u>Totals</u>         |                       |
|---|--------------------------|------------------------------|-----------------------|-----------------------|
|   | <u>Food Service Fund</u> | <u>Internal Service Fund</u> | <u>2019</u>           | <u>2018</u>           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                              |                       |                       |
| Cash received from customers  | \$ 659,825               | \$ -                         | \$ 659,825            | \$ 641,427            |
| Cash received from assessments made to other funds  | -                        | 22,875,421                   | 22,875,421            | 22,473,182            |
| Cash payments to employees for services   | (2,785,117)              | -                            | (2,785,117)           | (2,624,683)           |
| Cash payments for insurance services  | -                        | (22,339,354)                 | (22,339,354)          | (22,363,705)          |
| Cash payments to suppliers for goods and services   | (4,141,252)              | -                            | (4,141,252)           | (4,207,864)           |
| Cash payments for interfund services used   | (2,171,193)              | -                            | (2,171,193)           | (582,498)             |
| <b>Net cash (used for) provided by operating activities</b>                                       | <b>(8,437,737)</b>       | <b>536,067</b>               | <b>(7,901,670)</b>    | <b>(6,664,141)</b>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                          |                              |                       |                       |
| State sources   | 614,677                  | -                            | 614,677               | 568,391               |
| Federal sources   | 8,005,459                | -                            | 8,005,459             | 7,057,398             |
| Transfers out   | (291,283)                | -                            | (291,283)             | (437,050)             |
| <b>Net cash provided by noncapital financing activities</b>                                       | <b>8,328,853</b>         | <b>-</b>                     | <b>8,328,853</b>      | <b>7,188,739</b>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                   |                          |                              |                       |                       |
| Purchase of capital assets  | (52,570)                 | -                            | (52,570)              | (102,859)             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                              |                       |                       |
| Earnings on investments   | 3,942                    | 241,376                      | 245,318               | 111,975               |
| Proceeds from sale of investments   | -                        | 9,500,000                    | 9,500,000             | -                     |
| Purchase of investments   | -                        | -                            | -                     | (3,200,000)           |
| <b>Net cash provided by (used for) investing activities</b>                                       | <b>3,942</b>             | <b>9,741,376</b>             | <b>9,745,318</b>      | <b>(3,088,025)</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                       | <b>(157,512)</b>         | <b>10,277,443</b>            | <b>10,119,931</b>     | <b>(2,666,286)</b>    |
| <b>CASH AND CASH EQUIVALENTS</b>  |                          |                              |                       |                       |
| Beginning of year   | 314,652                  | 1,890,409                    | 2,205,061             | 4,871,347             |
| <b>End of year</b>  | <b>\$ 157,140</b>        | <b>\$ 12,167,852</b>         | <b>\$ 12,324,992</b>  | <b>\$ 2,205,061</b>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>         |                          |                              |                       |                       |
| Operating Income (loss)   | \$ (6,580,537)           | \$ (2,460,422)               | \$ (9,040,959)        | \$ (7,682,605)        |
| <b>Adjustments to reconcile operating income (loss) to net cash used for operating activities</b> |                          |                              |                       |                       |
| Depreciation  | 91,004                   | -                            | 91,004                | 84,266                |
| (Increase) decrease in  |                          |                              |                       |                       |
| Other receivables   | 1,576                    | 1,314                        | 2,890                 | 11,081                |
| Due from other funds  | (2,171,193)              | -                            | (2,171,193)           | (582,498)             |
| Inventories   | 33,813                   | -                            | 33,813                | (37,564)              |
| Prepaid expenses  | -                        | 292,500                      | 292,500               | 842,186               |
| Deferred outflows - pension items   | 155,090                  | -                            | 155,090               | 31,856                |
| Deferred outflows - OPEB items  | (6,429)                  | -                            | (6,429)               | (6,044)               |
| Increase (decrease) in  |                          |                              |                       |                       |
| Due to other funds  | -                        | 1,750,182                    | 1,750,182             | 1,311,282             |
| Accounts payable  | 68,117                   | 952,493                      | 1,020,610             | (826,226)             |
| Accrued salaries and benefits   | 24,550                   | -                            | 24,550                | 89,716                |
| Accrued compensated absences/retirement bonuses   | (12,868)                 | -                            | (12,868)              | 3,711                 |
| Net pension liability   | (86,819)                 | -                            | (86,819)              | 112,770               |
| Net OPEB liability  | 7,310                    | -                            | 7,310                 | (7,002)               |
| Deferred inflows - pension items  | 40,109                   | -                            | 40,109                | (19,501)              |
| Deferred inflows - OPEB items   | (1,460)                  | -                            | (1,460)               | 10,431                |
| <b>Net cash (used for) provided by operating activities</b>                                       | <b>\$ (8,437,737)</b>    | <b>\$ 536,067</b>            | <b>\$ (7,901,670)</b> | <b>\$ (6,664,141)</b> |

See accompanying notes

**SCHOOL DISTRICT OF LANCASTER**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**June 30, 2019**

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|                           | <b><u>Agency<br/>Funds</u></b> |
|---------------------------|--------------------------------|
| <b>ASSETS</b>             |                                |
| Cash and cash equivalents | <u>\$193,124</u>               |
| <br><b>LIABILITIES</b>    |                                |
| Other current liabilities | <u>\$193,124</u>               |

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*See accompanying notes*

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Lancaster (the "**District**") operates 12 elementary schools, a K-8 school which includes an early childhood center, four middle schools and one high school in two buildings to provide education and related services to the residents of the City of Lancaster and Lancaster Township. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government (the "**School Board**").

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

#### **Reporting Entity**

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the District's financial reporting entity are financial interdependencies, selection of governing authority, accountability for fiscal matters, scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

#### **Joint Ventures**

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

The District is one of 16 member school districts of the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to participating students of the member school districts. The LCCTC is controlled and governed by the Area Career and Technology Center Board for Lancaster County, which is composed of school board members of all the member districts. The District's share of annual operating costs for the LCCTC fluctuates based upon the percentage of enrollment of each member school district. The District's share of annual operating costs to the LCCTC for the year ended June 30, 2019 was \$778,239. The financial statements of the LCCTC can be obtained from the Administration Office at 1730 Hans Herr Drive, Willow Street, PA 17584.

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

The District is also a member of the Lancaster County Career and Technology Center Authority (the "**Authority**"). In 1968, the Authority entered into an agreement with the member school districts and the LCCTC Board to acquire land and construct buildings to provide the facilities for the operation of the LCCTC. In 1995, the Authority entered into an additional agreement with the member school districts to provide funding for the upgrading and modernization of the LCCTC facilities. In 1998, the Authority and the member school districts agreed to advance refund the Authority's 1995 bonds. The District has an ongoing financial responsibility to the Authority for a portion of the debt obligation relating to these improvements. The financial statements of the Authority can be obtained from the Administration Office at 1730 Hans Herr Drive, Willow Street, PA 17584.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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In 2010, the LCCTC entered into an agreement with its member school districts to preserve their debt funding. This agreement was established to allow for a future capital projects bond issue. The Joint Operating Committee included a capital reserve fund for the LCCTC to accumulate these resources for future use. This would allow the member districts to preserve the debt payments within each of their respective budgets in order to continue with facility upgrades at the LCCTC. These funds could also be used to initiate capital projects during the interim which would reduce the impact of a future bond issue as well as lower finance costs associated with the bond financing and would be issued in three different series over three years.

On June 29, 2012, LCCTC issued Guaranteed Lease Revenue Bonds, Series of 2012, totaling \$9,995,000. On February 2017, LCCTC refinanced Guaranteed Lease Revenue Bonds, Series of 2013 and issued Guaranteed Lease Revenue Bonds, Series of 2017, totaling \$9,380,000. The LCCTC issued Guaranteed Lease Revenue Bonds, Series of 2014, totaling \$3,900,000 on July 9, 2014 which was the final of the three series. These bonds were issued for the purpose of providing funds for renovations and additions and various other ongoing and proposed capital projects on LCCTC facilities. The District's share of rent expense for 2018-2019 totaled \$120,523.

The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

**Year ended June 30:**

|           |                    |
|-----------|--------------------|
| 2020      | \$ 123,531         |
| 2021      | 123,283            |
| 2022      | 122,972            |
| 2023      | 122,989            |
| 2024      | 122,511            |
| 2025-2029 | 612,305            |
| 2030-2034 | 602,248            |
| 2035-2037 | <u>360,681</u>     |
|           | <u>\$2,190,520</u> |

***Lancaster-Lebanon Joint Authority***

The District is a member of the Lancaster-Lebanon Joint Authority (the "**Joint Authority**"). The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit No. 13. The District did not have any financial transactions with the Joint Authority during the year ended June 30, 2019. The financial statements of the Joint Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

***Lancaster County Tax Collection Bureau***

The District participates with 16 other school districts and the municipalities represented by those school districts for the collection of earned income taxes through the Lancaster County Tax Collection Bureau (the "**Bureau**"). Each public school district appoints one member to serve on the Joint Operating Committee and 16 members are appointed by the participating municipalities. The Bureau's operating expenditures are deducted from the distributions which are made quarterly. The financial statements of the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.



# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### **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 primary financial activities of the District, except for fiduciary funds.

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. 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. 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.

#### ***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. The nonmajor governmental funds are presented in a single column on the governmental fund financial statements. 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 District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the acquisition, construction and renovation of major capital facilities and other capital purchases.

Additionally, the District reports the Debt Service Fund as a nonmajor governmental fund. This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

### **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 government considers tax revenue to be available if collected within sixty days of the end of the fiscal 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.

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# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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Other miscellaneous receipts are recorded as revenue when received in cash because they generally are 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, principal and interest on general long-term debt which has not matured are recognized when payment is due. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

### **Proprietary Funds**

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement 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. The District reports the following major proprietary funds:

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

The Internal Service Fund is used to account for hospitalization, workers' compensation, dental, life, vision and disability insurance costs which are services provided to District employees as employee 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 fund's 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.

With limited exceptions, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

### **Fiduciary Funds**

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organization and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in an agency fund. The agency fund accounts for funds held on behalf of students of the District. The measurement focus and basis of accounting for the agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

### **Deposits and Investments**

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.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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Section 440.1(c) of the Pennsylvania School Code authorizes the District to invest in: 1) U.S Treasury bills; 2) deposits in savings accounts or time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation or National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and for any amounts above maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository; 3) obligations of the United States of America (USA) or any of its agencies or instrumentalities backed by the full faith and credit of the USA, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities; 4) pooled investments such as Pennsylvania School District Liquid Asset Fund, Pennsylvania Local Government Investment Trust and the Pennsylvania State Treasurer's Invest Program.

Investments for the District are reported at 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.

### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/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.

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 the title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

### **Property Taxes**

Property 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                         |

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# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2018-2019 was 21.3274 mills (\$21.33 for \$1,000 of assessed valuation) for the entire District.

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

|                   |   |             |
|-------------------|---|-------------|
| Installment One   | - | August 15   |
| Installment Two   | - | October 15  |
| Installment Three | - | December 15 |

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.

### **Pledged Taxes Receivable**

The District has entered into an agreement with Public Asset Management ("**PAM**") under which the District relinquishes to PAM delinquent property tax revenues. The District received from PAM a lump sum payment in exchange for the rights to receive and retain future delinquent property tax revenues. This agreement qualifies as a collateralized borrowing in accordance with GASB 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*. Taxes receivable are considered as pledged for financial statement purposes. Proceeds received by the District are reported as a liability in the statement of net position (deficit) and as an other financing source in the fund financial statements. Subsequent collections of the pledged receivables that are paid to PAM reduce the liability on the District's statement of net position (deficit).

### **Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

### **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 and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that are received in a service concession arrangement will be measured at acquisition value.

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 of the District are depreciated using the straight-line method over the following estimated useful lives:

|                            |             |
|----------------------------|-------------|
| Buildings and Improvements | 20-40 years |
| Land Improvements          | 40 years    |
| Machinery and equipment    | 4-10 years  |

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### **Compensated Absences and Accrued Retirement Bonuses**

District policies permit employees to accumulate earned but unused vacation, personal, and sick days as stipulated in each bargaining unit's contract. In addition, upon voluntary retirement, a professional employee with 20 years or more of credited service with Public School Employees Retirement System and at least 10 years of employment with the District will receive a retirement bonus of \$350 per year of service. The liability for these benefits is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is based on amounts which have matured, for example, as a result of employee resignations and retirements. In the fund financial statements, governmental funds report only the liability payable from expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured.

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Prepaid bond insurance costs are amortized over the term of the related debt. Deferred amounts on refunding are 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. Bonds payable are reported net of the applicable bond premiums, bond discounts and deferred amounts on refunding.

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. 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 uses.

### **Fund Balance**

The District follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

Fund balance is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ***Nonspendable fund balance*** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- ***Restricted fund balance*** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed fund balance*** – amounts constrained to specific purposes by the District itself using its highest level of decision-making authority (School Board resolutions); to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

- **Assigned fund balance** – amounts the District intends to use for a specific purpose; intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority. School Board Policy No. 620 provides authority to the Chief Financial and Operations Officer to assign funds for specific purposes. Any funds set aside as assigned fund balance must be reported to the School Board at its next regular public meeting. The School Board has the authority to remove or change the assignment of the funds by an affirmative majority of Board members present and voting. The School Board also has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside by the School Board require an affirmative majority of the School Board members present and voting.
- **Unassigned fund balance** – amounts that are available for any purpose and not restricted in any manner. It may be necessary to report a negative unassigned fund balance in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

At June 30, 2019, fund balances are classified as follows:

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects<br/>Funds</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|---------------------------------------|----------------------------------|---|
| Nonspendable                           |                         |                                       |                                  |   |
| Inventories                            | \$ 200,150              | \$ -                                  | \$ -                             | \$ 200,150                              |
| Prepaid items                          | 31,004                  | -                                     | -                                | 31,004                                  |
| Restricted for                         |                         |                                       |                                  |   |
| Debt service                           | -                       | -                                     | 10,206,169                       | 10,206,169                              |
| Capital projects                       | -                       | 17,039,252                            | -                                | 17,039,252                              |
| Committed to                           |                         |                                       |                                  |   |
| Security projects                      | 1,000,000               | -                                     | -                                | 1,000,000                               |
| Technology projects                    | 2,500,000               | -                                     | -                                | 2,500,000                               |
| Assigned to                            |                         |                                       |                                  |   |
| Student activities                     | 138,476                 | -                                     | -                                | 138,476                                 |
| Repairs and maintenance<br>contingency | 2,750,000               | -                                     | -                                | 2,750,000                               |
| Unassigned                             | <u>23,745,393</u>       | <u>-</u>                              | <u>-</u>                         | <u>23,745,393</u>                       |
| <b>Total fund balances</b>             | <u>\$30,365,023</u>     | <u>\$17,039,252</u>                   | <u>\$10,206,169</u>              | <u>\$57,610,444</u>                     |

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed. When committed, assigned, and unassigned funds are available for expenditure, it is the District's policy to use committed funds first, assigned funds second, and unassigned funds last, unless the School Board has provided otherwise in its commitment or assignment actions.

### Use of Estimates in the Preparation of Financial Statements

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. Such estimates relate primarily to depreciation of capital assets and provisions for compensated absences, retirement bonuses, and other postemployment benefits. Accordingly, actual results could differ from those estimates.

### Restricted Assets

Required sinking fund deposits related to the 2010 and 2011 Qualified School Construction Bonds have been paid into the debt service fund residing with the fiscal agent. These debt service payments and any related earnings are classified as restricted assets in the financial statements because they are maintained in the fiscal agent bank accounts and their use is restricted to debt service payments in future years. The total carrying amounts and related bank balances of these cash and investment accounts are \$10,206,169 at June 30, 2019, which are invested in U.S. Treasury securities.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### Implementation of New Accounting Pronouncements

GASB Statement No. 83, "*Certain Asset Retirement Obligations*", will be effective for the District for the year ended June 30, 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The implementation of this standard did not have a material impact on these financial statements.

GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*", will be effective for the District for the year ended June 30, 2019. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The implementation of this standard did not have a material impact on these financial statements.

### New Accounting Pronouncements

GASB Statement No. 84, "*Fiduciary Activities*", will be effective for the District for the year ended June 30, 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, "*Leases*", will be effective for the District for the year ended June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

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, 2020. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 90, "*Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*", will be effective for the District for the year ended June 30, 2020. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit.

### Deferred Inflows/Outflows of Resources

The statement of net position (deficit) in addition to reporting assets and liabilities will sometimes report a separate section for deferred inflows/outflows of resources. Deferred inflows/outflows of resources represent either a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an inflow/outflow (revenue/expense) of resources until that period.

The District's deferred inflows/outflows of resources are reported on the government-wide statement of net position (deficit) for pension and Other Post-Employment Benefits (OPEB) and the deferred effect of bond defeasance.

The District also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes.

## (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

An annual budget is adopted prior to the beginning of each year for the general fund on the 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 all capital project funds.

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# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within twenty 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 ten days prior to when final action on adoption is taken by the School Board.

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

### **Excess of Expenditures Over Appropriations**

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2019:

|  |             |
|--|-------------|
| Regular programs                       | \$2,768,256 |
| Special programs                       | 1,034,703   |
| Vocational programs                    | 341,556     |
| Other instructional programs           | 945,988     |
| Pre-kindergarten programs              | 701,068     |
| Pupil personnel services               | 182,438     |
| Administrative services                | 530,750     |
| Business services                      | 571,902     |
| Student transportation services        | 539,699     |
| Central services                       | 213,177     |
| Other support services                 | 399         |
| Community services                     | 269,709     |
| Existing building improvement services | 33,834      |
| Debt service – principal               | 2,761,997   |

The excess of expenditures over appropriations was financed with current year revenue sources exceeding budgeted amounts.

### **(3) DEPOSITS AND INVESTMENTS**

#### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2019, the carrying amount of the District's deposits was \$77,484,139 and the bank balance was \$83,906,697. Of the bank balance, \$262,873 was covered by federal depository insurance and \$24,383,938 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name. 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 money market mutual funds. Their objective is to maintain a stable net asset value of \$1 per share and it is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2019, PSDLAF was rated as AAAM by Standard and Poor's.



# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### Reconciliation to Financial Statements

|  |                     |
|--|---------------------|
| Uninsured Amounts                                      | \$24,383,938        |
| Insured Amount   | 262,873             |
| Reconciling Items                                      | <u>(6,422,558)</u>  |
| Carrying Amount, Bank Balances                         | 18,224,253          |
| Pooled Cash Equivalents in Government Investment Pools | <u>59,259,886</u>   |
|  | <u>\$77,484,139</u> |

### Investments

As of June 30, 2019, the District had the following investments:

| <u>Investment Type</u>  | <u>Fair Value</u>   | <u>Investment Maturities (In Years)</u> |              |                     |
|-------------------------|---------------------|---|--------------|---------------------|
|                         |                     | <u>Less than 1</u>                      | <u>1 – 5</u> | <u>6 – 10</u>       |
| Certificates of deposit | \$ 240,000          | \$240,000                               | \$ -         | \$ -                |
| U.S. Treasury strips    | <u>10,198,550</u>   | <u>-</u>                                | <u>-</u>     | <u>10,198,550</u>   |
|                         | <u>\$10,438,550</u> | <u>\$240,000</u>                        | <u>\$ -</u>  | <u>\$10,198,550</u> |

U.S. Treasury strips were valued using Level 2 inputs. These are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets.

### Interest Rate Risk

The District has no investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

The District has no investment policy that would limit its investment choices to certain credit rates. As of June 30, 2019, the District's investments were rated as follows:

| <u>Investments</u>          | <u>Standard &amp; Poor's</u> |
|-----------------------------|------------------------------|
| Government Investment Pools | AAAm                         |

The District places no limit on the amount it may invest in any one issuer.

### Custodial Credit Risk - Investments

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 its investments or collateral security that are in the possession of an outside party. At June 30, 2019, the District does not have investments subject to custodial credit risk.

## (4) UNEARNED REVENUES

Unearned revenues in the governmental funds and government-wide financial statements consisted of revenues received but not yet earned.

**SCHOOL DISTRICT OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

**(5) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| <b>Governmental activities</b>                     |                              |                     |                    |                           |
| Capital assets not being depreciated               |                              |                     |                    |                           |
| Land   | \$ 3,488,357                 | \$ -                | \$ -               | \$ 3,488,357              |
| Construction-in-progress                           | <u>9,217,535</u>             | <u>32,181,940</u>   | <u>(656,557)</u>   | <u>40,742,918</u>         |
| <b>Total capital assets not being depreciated</b>  | <u>12,705,892</u>            | <u>32,181,940</u>   | <u>(656,557)</u>   | <u>44,231,275</u>         |
| Capital assets being depreciated                   |                              |                     |                    |                           |
| Buildings and improvements                         | 227,913,972                  | 1,504,754           | -                  | 229,418,726               |
| Land improvements                                  | 6,866,664                    | -                   | -                  | 6,866,664                 |
| Furniture and equipment                            | 2,445,921                    | 1,397,576           | -                  | 3,843,497                 |
| Vehicles   | <u>811,184</u>               | <u>92,784</u>       | <u>-</u>           | <u>903,968</u>            |
| <b>Total capital assets being depreciated</b>      | <u>238,037,741</u>           | <u>2,995,114</u>    | <u>-</u>           | <u>241,032,855</u>        |
| Less: accumulated depreciation for                 |                              |                     |                    |                           |
| Buildings and improvements                         | 96,120,686                   | 7,149,659           | -                  | 103,270,345               |
| Land improvements                                  | 6,346,624                    | 173,643             | -                  | 6,520,267                 |
| Furniture and equipment                            | 1,171,405                    | 423,284             | -                  | 1,594,689                 |
| Vehicles   | <u>642,508</u>               | <u>51,208</u>       | <u>-</u>           | <u>693,716</u>            |
| <b>Total accumulated depreciation</b>              | <u>104,281,223</u>           | <u>7,797,794</u>    | <u>-</u>           | <u>112,079,017</u>        |
| <b>Total capital assets being depreciated, net</b> | <u>133,756,518</u>           | <u>(4,802,680)</u>  | <u>-</u>           | <u>128,953,838</u>        |
| <b>Government activities assets, net</b>           | <u>\$146,462,410</u>         | <u>\$27,379,260</u> | <u>\$(656,557)</u> | <u>\$173,185,113</u>      |
| <b>Business-type activities</b>                    |                              |                     |                    |                           |
| Capital asset being depreciated                    |                              |                     |                    |                           |
| Furniture and equipment                            | \$ 830,705                   | \$ 52,570           | \$ -               | \$ 883,275                |
| Vehicles   | 426,513                      | -                   | -                  | 426,513                   |
| Less: A/D – furniture and equipment                | 507,082                      | 58,112              | -                  | 565,194                   |
| Less: A/D – vehicles                               | <u>276,129</u>               | <u>32,892</u>       | <u>-</u>           | <u>309,021</u>            |
| <b>Business-type capital assets, net</b>           | <u>\$ 474,007</u>            | <u>\$ (38,434)</u>  | <u>\$ -</u>        | <u>\$ 435,573</u>         |

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

|   |                    |
|---|--------------------|
| <b>Governmental activities</b>                              |                    |
| Instruction   | \$5,334,592        |
| Instructional Student Support                               | 1,115,587          |
| Administrative and Financial Support Services               | 828,640            |
| Operation and Maintenance of Plant Services                 | <u>518,975</u>     |
| <b>Total depreciation expense – governmental activities</b> | <u>\$7,797,794</u> |
| <b>Depreciation expense – business-type activities</b>      | <u>\$ 91,004</u>   |

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

The composition of interfund balances as of June 30, 2019 is as follows:

| <u>Receivable To</u> | <u>Amount</u>       | <u>Payable From</u>   | <u>Amount</u>       |
|----------------------|---------------------|-----------------------|---------------------|
| General Fund         | \$ 4,536,846        | Self-Insurance Fund   | \$ 4,536,846        |
| General Fund         | 302,155             | Capital Projects Fund | 302,155             |
| Food Service Fund    | <u>5,602,593</u>    | General Fund          | <u>5,602,593</u>    |
|                      | <u>\$10,441,594</u> |                       | <u>\$10,441,594</u> |

These interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

| <u>Transfers Out</u> | <u>Amount</u>       | <u>Transfers In</u> | <u>Amount</u>       |
|----------------------|---------------------|---------------------|---------------------|
| General Fund         | \$ 3,172,449        | Debt Service Fund   | \$ 3,172,449        |
| Food Service Fund    | <u>291,283</u>      | General Fund        | <u>291,283</u>      |
|                      | <u>\$ 3,463,732</u> |                     | <u>\$ 3,463,732</u> |

Transfers are used to 1) fund the Debt Service Fund as debt service maturities become due, 2) move unrestricted fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

### (7) GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of governmental and business-type activities for the year ended June 30, 2019:

|  | <u>Beginning Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|--------------------------|---------------------|---------------------|-----------------------|----------------------------|
| <b>Governmental activities</b>                       |                          |                     |                     |                       |                            |
| General obligation debt                              | \$ 132,254,000           | \$ 20,000,000       | \$ 5,230,000        | \$ 147,024,000        | \$ 8,805,000               |
| Deferred amounts                                     |                          |                     |                     |                       |                            |
| Bond discounts                                       | (28,492)                 | -                   | (9,497)             | (18,995)              | -                          |
| Bond premiums  | <u>7,243,164</u>         | <u>718,973</u>      | <u>682,725</u>      | <u>7,279,412</u>      | <u>-</u>                   |
| <b>Total general obligation debt</b>                 | 139,468,672              | 20,718,973          | 5,903,228           | 154,284,417           | 8,805,000                  |
| Collateralized borrowing                             | 3,135,400                | 2,781,308           | 2,882,010           | 3,034,698             | -                          |
| Capital leases                                       | 787,345                  | 1,747,250           | 999,428             | 1,535,167             | 952,750                    |
| Compensated absences                                 | 3,520,770                | 1,279,671           | 165,510             | 4,634,931             | 165,510                    |
| Net pension liability                                | 293,772,843              | -                   | 5,020,181           | 288,752,662           | -                          |
| Net OPEB liability                                   | <u>38,302,966</u>        | <u>2,233,089</u>    | <u>-</u>            | <u>40,536,055</u>     | <u>-</u>                   |
| <b>Governmental activities long-term liabilities</b> | <u>\$478,987,996</u>     | <u>\$28,760,291</u> | <u>\$14,970,357</u> | <u>\$492,777,930</u>  | <u>\$9,923,260</u>         |
| <b>Business-type activities</b>                      |                          |                     |                     |                       |                            |
| Compensated absences                                 | \$ 60,192                | \$ -                | \$ 12,868           | \$ 47,324             | \$ 2,366                   |
| Net pension liability                                | 5,076,157                | -                   | 86,819              | 4,989,338             | -                          |
| Net OPEB liability                                   | <u>209,187</u>           | <u>7,310</u>        | <u>-</u>            | <u>216,497</u>        | <u>-</u>                   |
|  | <u>\$ 5,345,536</u>      | <u>\$ 7,310</u>     | <u>\$ 99,687</u>    | <u>\$ 5,253,159</u>   | <u>\$ 2,366</u>            |

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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Payments of long-term debt from bonds, notes, capital leases payable and postemployment benefits are to be funded by the General Fund, while long-term debt from compensated absences and net pension liability is paid out of the General Fund for governmental type activities and the Food Service Fund for the business-type activities.

### General Obligation Bonds:

|  |                    |
|--|--------------------|
| Qualified School Construction Bonds Series of 2010, principal amount of \$30,000,000 was issued to help fund approved school construction projects. The bonds require sinking fund deposits from September 1, 2011 through September 1, 2027, and mature September 1, 2027, bearing interest at 5.00%. Interest is paid semiannually on September 1 and March 1.   | \$ 30,000,000      |
| General Obligation Bonds Series of 2011, principal amount of \$15,720,000 was issued to provide funds to: 1) finance various capital projects of the District, and 2) pay the costs of issuing the bonds. The bonds mature April 1, 2010 through April 1, 2027, bearing interest of 0.65% to 4.30%. Interest is paid semiannually on October 1 and April 1.  | 1,830,000          |
| Qualified School Construction Bonds Series of 2011, principal amount of \$34,789,000 was issued to help fund approved school construction projects. The bonds require sinking fund deposits from September 1, 2012 through September 1, 2029, and mature September 1, 2029, bearing interest of 5.088%. Interest is paid semiannually on September 1 and March 1.  | 34,789,000         |
| General Obligation Bonds, Refunding Series of 2015, principal amount \$9,875,000 was issued to: 1) partially advance refund the outstanding General Obligation Bond Series of 2007 of the District and 2) pay the costs of issuing the bonds. The bonds require sinking fund deposits from December 1, 2015 through June 1, 2023, bearing interest of 2.18%. Interest is paid semiannually on December 1 and June 1.   | 9,325,000          |
| General Obligation Bonds, Series A of 2016, principal amount \$20,000,000 was issued to: 1) fund various capital projects of the District and 2) pay the costs of issuing the bonds. The bonds mature June 1, 2018 through June 1, 2035, bearing interest from 2.00% to 5.00%. Interest is paid semiannually on December 1 and June 1.   | 19,990,000         |
| General Obligation Bonds, Series B of 2016, principal amount \$32,660,000 was issued to: 1) advance refund the District's outstanding General Obligation Bond Series of 2007, 2) advance refund the District's outstanding General Obligation Bond Series A of 2007 and 3) pay the costs of issuing the bonds. The bonds mature June 1, 2017 through June 1, 2027, bearing interest from 3.00% to 5.00%. Interest is paid semiannually on December 1 and June 1. | 22,065,000         |
| General Obligation Bonds, Series of 2018, principal amount \$10,000,000 was issued to: 1) finance various capital projects of the School District, and 2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2035, bearing interest from 2.0% to 4.0%. Interest is paid semiannually on December 1 and June 1.  | 10,000,000         |
| General Obligation Bonds, Series of 2019, principal amount \$10,000,000 was issued to: 1) finance various capital projects of the School District; and 2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2035, bearing interest from 2.0% to 5.0%. Interest is paid semiannually on December 1, and June 1.   | <u>10,000,000</u>  |
| <b>Total general obligation bonds</b>  | <b>137,999,000</b> |

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### General Obligation Notes:

General Obligation Note, Series of 2017, principal amount \$9,115,000 was issued to: 1) advance refund a portion of the District's outstanding General Obligation Bond Series of 2011 and 2) pay the costs of issuing the note. The notes mature April 1, 2019 through April 1, 2027, bearing interest of 2.36%. Interest is paid semiannually on April 1 and October 1.

|                                      |                             |
|--------------------------------------|-----------------------------|
|                                      | <u>9,025,000</u>            |
| <b>Total general obligation debt</b> | <b><u>\$147,024,000</u></b> |

Annual debt service requirements to maturity for General Obligation Debt are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total Debt Service</u> |
|-----------------------------|----------------------|---------------------|---------------------------|
| 2020                        | \$ 8,805,000         | \$ 6,898,377        | \$ 15,703,377             |
| 2021                        | 9,000,000            | 6,415,881           | 15,415,881                |
| 2022                        | 9,135,000            | 6,286,333           | 15,421,333                |
| 2023                        | 9,260,000            | 6,160,300           | 15,420,300                |
| 2024                        | 9,485,000            | 5,936,710           | 15,421,710                |
| 2025-2029                   | 52,004,000           | 24,125,493          | 76,129,493                |
| 2030-2034                   | 32,450,000           | 7,140,842           | 39,590,842                |
| 2035-2036                   | <u>7,395,000</u>     | <u>346,155</u>      | <u>7,741,155</u>          |
| Total                       | 137,534,000          | <u>\$63,310,091</u> | <u>\$200,844,091</u>      |
| Deposits into sinking fund  | <u>9,490,000</u>     |                     |                           |
|                             | <u>\$147,024,000</u> |                     |                           |

### Qualified School Construction Bonds

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public Authority ("**SPSBA**"). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The QSCB program was created by the American Recovery and Reinvestment Act ("**ARRA**") and allows schools to borrow at nominal or zero percent to fund new construction, renovation and rehabilitation of schools as well as the purchase of land and equipment. The SPSBA issues the bonds through the QSCB program and provides loans to schools for qualified projects. Under the QSCB program, the SPSBA receives direct interest subsidy payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. In fiscal year 2010 and 2011, the District borrowed \$30,000,000 and \$34,789,000, respectively, from the SPSBA under the QSCB program. The District is required to deposit payments annually into sinking funds through the maturity date of September 1, 2027 and September 1, 2029, respectively. Sinking funds are included as restricted assets held by fiscal agent in the accompanying financial statements.

### Future Revenues Pledged for Debt Payment on Collateralized Borrowing

The District has pledged future delinquent real estate tax revenues to repay the collateralized borrowing in the original amount of:

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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**Year Ending June 30,**

|      |             |
|------|-------------|
| 2011 | \$4,108,095 |
| 2012 | 2,971,374   |
| 2013 | 2,982,688   |
| 2014 | 2,769,944   |
| 2015 | 2,627,075   |
| 2016 | 3,879,832   |
| 2017 | 2,802,955   |
| 2018 | 2,945,463   |
| 2019 | 2,781,308   |

The proceeds above were deposited in the General Fund. The borrowing is repayable from the pledged revenues through March 1, 2023. Interest is payable monthly at a variable rate equal to the prime rate plus 0.9 percent, but in no event less than 4.75 percent nor greater than 8.0 percent. Principal is paid quarterly through the maturity date in an amount equal to collections of pledged revenues since the payment date less amounts paid as interest during the period. Principal and interest paid during the year ended June 30, 2019 were \$2,882,010 and \$125,012. Pledged revenues collected during the same period were \$3,401,931. The excess of revenues collected over principal and interest paid since inception of the program in 2011 is \$958,468, and is deferred in the General Fund.

Future pledged revenues collections are estimated to be adequate to redeem the debt. In the event that they are not, the District is obligated to pay the deficiency thirty days prior to the maturity date of the note.

The District intends that additional funds will be drawn against this borrowing each year, at the lien date for unpaid real estate taxes. These funds will be used to fund District operations.

### (8) NET INVESTMENT IN CAPITAL ASSETS

Net position (deficit) of the governmental activities net investment in capital assets, at June 30, 2019, are as follows:

|   |                             |
|---|-----------------------------|
| Capital assets                          | \$ 285,264,130              |
| Deferred outflows of resources          | 1,646,636                   |
| Unspent debt proceeds                   | 3,997,304                   |
| Accumulated depreciation                | <u>(112,079,017)</u>        |
|   | 178,829,053                 |
| Total outstanding debt                  | <u>154,284,417</u>          |
| <b>Net investment in capital assets</b> | <b><u>\$ 24,544,636</u></b> |

### (9) LEASES

**Capital Leases**

The District has entered into long-term lease agreements for computer equipment totaling \$2,858,249. 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 date. These capital leases do not qualify as capital asset additions.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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Presented below is a summary of minimum lease payments to maturity by years:

**Year ending June 30,**

|   |                    |
|---|--------------------|
| 2020                                    | \$ 952,750         |
| 2021                                    | <u>582,417</u>     |
| Total minimum lease payments            | 1,535,167          |
| Less: Amount representing interest      | <u>-</u>           |
| Present value of minimum lease payments | <u>\$1,535,167</u> |

**Operating Leases**

The District leases equipment under operating leases. Total cost for such leases was \$794,535 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

**Year Ending June 30,**

|      |                 |
|------|-----------------|
| 2020 | \$44,889        |
| 2021 | 31,619          |
| 2022 | <u>15,367</u>   |
|      | <u>\$91,875</u> |

### (10) AUTHORIZED UNISSUED DEBT

In 2006, the School Board authorized the issuance of debt totaling \$150 million to fund various capital improvement projects related to the District's facilities. The District issued debt totaling \$45 million toward these capital improvement projects in fiscal year 2007, leaving a balance of \$87.2 million in debt that has been authorized, but not issued. In 2016, the School Board authorized the issuance of \$86 million to fund various capital improvement projects related to the District's facilities. The District issued debt totaling \$20 million toward these capital improvement projects in fiscal year 2019, leaving a balance of \$44 million in debt that has been authorized, but not issued.

### (11) 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 and 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 the system 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.pa.gov](http://www.psers.pa.gov).

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### **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% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and 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% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

### **Contributions**

#### **Member Contributions**

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

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

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

Members who joined the system after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.3% (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 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

#### **Employer Contributions**

The school district's contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60% 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 pension plan from the District were \$28,544,895 for the year ended June 30, 2019.

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# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

At June 30, 2019, the District reported a liability of \$293,742,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2017 to June 30, 2018. 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, 2018, the District's proportion was 0.6119 percent, which was an increase of 0.0112 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized net pension expense of \$4,852,901. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Net difference between expected and actual experience                                    | \$ 2,364,571                              | \$4,546,658                              |
| Changes in assumptions   | 5,473,000                                 | -  |
| Net difference between projected and actual investment earnings                          | 1,439,660                                 | -  |
| Changes in proportions   | 8,473,000                                 | 399,000                                  |
| Difference between employer contributions and proportionate share of total contributions | 82,890                                    | 127,274                                  |
| Contributions subsequent to the measurement date   | <u>28,544,895</u>                         | <u>-</u>                                 |
|  | <u>\$46,378,016</u>                       | <u>\$5,072,932</u>                       |

\$28,544,895 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ended June 30:

|      |                     |
|------|---------------------|
| 2020 | \$ 8,820,206        |
| 2021 | 5,916,026           |
| 2022 | (1,367,260)         |
| 2023 | (606,273)           |
| 2024 | <u>(2,510)</u>      |
|      | <u>\$12,760,189</u> |

### Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the system's total pension liability as the June 30, 2017 actuarial valuation to June 30, 2018 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.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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

| <u>Asset Class</u>      | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Global public equity    | 20.0 %                   | 5.2%  |
| Fixed income            | 36.0 %                   | 2.2%  |
| Commodities             | 8.0 %                    | 3.2%  |
| Absolute return         | 10.0 %                   | 3.5%  |
| Risk parity             | 10.0 %                   | 3.9%  |
| Infrastructure/MLPs     | 8.0 %                    | 5.2%  |
| Real estate             | 10.0 %                   | 4.2%  |
| Alternative investments | 15.0 %                   | 6.7%  |
| Cash                    | 3.0 %                    | 0.4%  |
| Financing (LIBOR)       | (20.0)%                  | 0.9%  |
|                         | <u>100.0 %</u>           |   |

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. 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 (deficit) was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

|   | <u>1% Decrease<br/>6.25%</u> | <u>Current Discount<br/>Rate<br/>7.25%</u> | <u>1% Increase<br/>8.25%</u> |
|---|------------------------------|--|------------------------------|
| District's proportionate share of the net pension liability | <u>\$364,115,000</u>         | <u>\$293,742,000</u>                       | <u>\$234,240,000</u>         |

### Pension Plan Fiduciary Net Position

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

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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### (12) OTHER POSTEMPLOYMENT BENEFITS

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

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, 2018, 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, 2018, 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, 2019 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 \$726,757 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$12,758,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2018, the District's proportion was 0.6119 percent, which was an increase of 0.0112 percent from its proportion measured as of June 30, 2017. As of June 30, 2019, the OPEB liability of \$12,541,503 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 \$216,497 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).

**SCHOOL DISTRICT OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$73,861. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Changes in assumptions   | \$ 21,528                                 | \$ -                                     |
| Net difference between projected and actual investment earnings                                | 78,772                                    | -  |
| Changes in assumptions   | 201,696                                   | 483,449                                  |
| Changes in proportions   | 350,000                                   | -  |
| Difference between employer contributions and their proportionate share of total contributions | -   | 10,171                                   |
| Contributions subsequent to the measurement date   | <u>726,757</u>                            | <u>-</u>                                 |
|  | <u>\$1,378,753</u>                        | <u>\$493,620</u>                         |

\$726,757 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

|            |                  |
|------------|------------------|
| 2020       | \$ 19,216        |
| 2021       | 19,216           |
| 2022       | 19,217           |
| 2023       | 17,374           |
| 2024       | 15,916           |
| Thereafter | <u>67,437</u>    |
|            | <u>\$158,376</u> |

**Actuarial Assumptions**

The OPEB liability as of June 30, 2018, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 2.98% - Standard & Poor's 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 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 2018.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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- 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.

| <u>OPEB – Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|--------------------------|---|
| Cash                      | 5.9%                     | 0.3%  |
| Fixed income              | 92.8%                    | 1.2%  |
| Non-US Developed Fixed    | <u>1.3%</u>              | 0.4%  |
|                           | <u>100.00%</u>           |   |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

### Discount Rate

The discount rate used to measure the OPEB liability was 2.98%. 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 2.98% which represents the Standard & Poor's 20 year municipal bond rate at June 30, 2018, 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, 2018, 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. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The following presents the net OPEB liability for June 30, 2018, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

|  | <u>1% Decrease</u>  | <u>Trend Rate</u>   | <u>1% Increase</u>  |
|--|---------------------|---------------------|---------------------|
| District's proportionate share of the net OPEB liability | <u>\$12,755,000</u> | <u>\$12,758,000</u> | <u>\$12,760,000</u> |

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

The following presents the net OPEB liability, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98%) or 1-percentage-point higher (3.98%) than the current rate:

|  | <u>1% Decrease</u>  | <u>Current Discount Rate</u> | <u>1% Increase</u>  |
|--|---------------------|------------------------------|---------------------|
|  | <u>1.98%</u>        | <u>2.98%</u>                 | <u>3.98%</u>        |
| District's proportionate share of the net OPEB liability | <u>\$14,509,000</u> | <u>\$12,758,000</u>          | <u>\$11,304,000</u> |

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

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

## (13) POSTEMPLOYMENT HEALTHCARE PLAN

### **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 prescription drug benefits to eligible retired employees, spouses and dependents. The benefits, benefits level, employee contribution and employer contribution are administered by School District board members and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The OPEB Plan does not issue a stand-alone 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, 2017:

|   |              |
|---|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 109          |
| Active plan members   | <u>1,504</u> |
| Total   | <u>1,613</u> |

### **Funding Policy and Funding Status**

The District negotiates the contribution percentage between the District and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ended June 30, 2019, estimated benefit payments paid as they came due totaled \$1,229,247.

### **Benefits Provided**

The plan provides the following benefits:

For administrators, employees covered under teacher union agreements, employees covered under non-professional union agreements include medical and prescription drug benefits. To be eligible, members must meet one of the following conditions: must be eligible for PSERS retirement, have at least 20 years of PSERS service with at least 10 years of service with the District, or has reached Act 110/43 eligibility. If the member retires with at least 20 years of PSERS service, with at least 10 years of service with the District, the District pays 50% of the premium for member, spouse and family. If the member does not qualify for the District's subsidy, but does reach Act 110/43 eligibility, the member, spouse and family may continue coverage by paying the full premium as determined for the purpose of COBRA. Coverage for the member, spouse and family lasts until the earlier of when the member is eligible for Medicare, or when the member receives coverage through another employer. Part-time employees who meet the eligibility requirements have to have prior District approval to receive any benefits.

For employees under Early Retirement Incentive Plan (ERIP), coverage includes medical and prescription drug benefits. To be eligible, members must have retired in 2011. If member is eligible, the District pays 100% of the premium for member and dependents for up to five years from retirement, beginning on July 1, 2011. After five years, on June 30, 2016, the District pays 50% of the premium for member and dependents. Coverage for the member and dependents lasts until the earlier of when the member is eligible for Medicare, or when the member receives coverage through another employer.

Employees are deemed to have met the Act 110/43 eligibility upon retirement with 30 years of PSERS service or upon superannuation retirement.

### **Actuarial Methods and Significant Assumptions**

- **Discount rate** – 2.98% - based on S&P Municipal Bond 20-year high grade rate index at July 1, 2018.
- **Salary** - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.50% cost of living adjustment, 1.00% for real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.
- **Withdrawal** - Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.90% for both men and women and decrease with age and service.

| <u>Age</u> | <u>Male Rate</u> | <u>Female Rate</u> | <u>Age</u> | <u>Male Rate</u> | <u>Female Rate</u> |
|------------|------------------|--------------------|------------|------------------|--------------------|
| 25         | 2.57%            | 5.02%              | 45         | 1.37%            | 1.65%              |
| 30         | 2.57%            | 4.02%              | 50         | 1.92%            | 2.06%              |
| 35         | 1.50%            | 2.85%              | 55         | 3.38%            | 3.11%              |
| 40         | 1.34%            | 1.60%              | 60         | 5.57%            | 6.40%              |

- **Mortality** - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
  - **Disability** - No disability was assumed.
  - **Retirement** - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
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# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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- **Percent of Eligible Retirees Electing Coverage in Plan** - 60% of eligible retirees are assumed to elect coverage. Spouses paying the full premium for coverage are assumed to cease coverage upon attainment of age 65.
- **Percent Married at Retirement** - 40% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- **Spouse Age** - Wives are assumed to be two years younger than their husbands.
- **Retiree Contributions** – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- **Health Care Cost Trend Rate** – 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- **Actuarial Value of Assets** - Equal to the market value of assets.
- **Actuarial Cost Method – Entry Age Normal** – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- **Inflation Rate** - There is an assumed inflation rate of 2.5% underlying the interest rate, salary, and health care cost trend rate assumptions.
- **Changes in Assumptions** – In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

### OPEB Liability

The District's OPEB liability has been measured as of July 1, 2018. The total OPEB liability was determined by an actuarial valuation as of July 1, 2018. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The total OPEB liability is \$27,994,552, all of which is unfunded. As of June 30, 2019, the OPEB liability of \$27,994,552 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its OPEB liability reported for the year ended June 30, 2019 was as follows:

|  |                     |
|--|---------------------|
| <b>Balances as of July 1, 2017</b>                 | <u>\$26,184,153</u> |
| <b>Changes for the year</b>                        |                     |
| Service cost                                       | 2,275,906           |
| Interest on total OPEB liability                   | 868,240             |
| Differences between expected and actual experience | -                   |
| Changes in assumptions                             | (3,184)             |
| Benefit payments                                   | <u>(1,330,563)</u>  |
| <b>Net changes</b>                                 | <u>1,810,399</u>    |
| <b>Balances as of July 1, 2018</b>                 | <u>\$27,994,552</u> |

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

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



**SCHOOL DISTRICT OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019

|                | <u>1% Decrease</u> | <u>Trend Rate</u> | <u>1% Increase</u> |
|----------------|--------------------|-------------------|--------------------|
| OPEB liability | \$24,341,992       | \$27,994,552      | \$32,407,910       |

**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 2.98%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (1.98%) or 1 percentage point higher (3.98%) than the current rate:

|                | <u>1% Decrease</u><br><u>1.98%</u> | <u>Current Discount Rate</u><br><u>2.98%</u> | <u>1% Increase</u><br><u>3.98%</u> |
|----------------|------------------------------------|--|------------------------------------|
| OPEB liability | \$30,258,811                       | \$27,994,552                                 | \$25,866,342                       |

**OPEB Expense and Deferred Outflows and Inflows Related to OPEB**

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,629,341. At June 30, 2019, the District had deferred inflows and outflows of resources related to the OPEB plan from the following sources:

|   | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Changes in assumptions                            | \$ 642,462                            | \$ 2,972                             |
| Difference between expected and actual experience | -                                     | 3,441,960                            |
| Contributions subsequent to the measurement date  | <u>1,229,247</u>                      | <u>-</u>                             |
|   | <u>\$1,941,709</u>                    | <u>\$3,444,932</u>                   |

\$1,229,247 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, 2019. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|            |                       |
|------------|-----------------------|
| 2020       | \$ (215,558)          |
| 2021       | (215,558)             |
| 2022       | (215,558)             |
| 2023       | (215,558)             |
| 2024       | (215,558)             |
| Thereafter | <u>(1,724,680)</u>    |
|            | <u>\$ (2,802,470)</u> |

**(14) SELF-INSURANCE**

The District administers a self-insurance program to provide for the medical care and related expenses for eligible employees, spouses, and their dependents. Benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a liability in an internal service fund for claims incurred through June 30, 2019. The claims liability has historically been satisfied within 120 days after June 30 and is classified as a portion of accounts payable.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### Change in Aggregate Claim Liabilities

|  | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|--|----------------------|----------------------|
| Claims liability - beginning of year         | \$ 1,133,138         | \$ 1,908,956         |
| Current year claims and changes in estimates | 23,557,347           | 22,430,073           |
| Claim payments by the District               | <u>(22,604,854)</u>  | <u>(23,205,891)</u>  |
| Claims liability - end of year               | <u>\$ 2,085,631</u>  | <u>\$ 1,133,138</u>  |

## (15) COMMITMENTS and CONTINGENCIES

### Government Grants and Awards

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

### Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

### Capital Improvement Commitments

As of June 30, 2019, the District is committed to capital projects for the Carter and MacRae, JP McCaskey, Buchanan, Reynolds and Lincoln schools. Construction contract commitments are as follows:

|                              | <u>Contract<br/>Amounts</u> | <u>Completed<br/>Through<br/>June 30, 2018</u> | <u>Remaining<br/>Commitments</u> |
|------------------------------|-----------------------------|--|----------------------------------|
| Capital improvement projects | <u>\$52,356,790</u>         | <u>\$35,542,895</u>                            | <u>\$16,813,895</u>              |

As of June 30, 2019, the District has incurred costs totaling \$5,200,023 for capital improvements projects that are not under formal commitments.

## (16) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains the risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2018-2019 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### Unemployment

The District has elected to self-insure for unemployment compensation rather than contribute to the State Fund. Transactions relating to unemployment claims are recorded when invoiced by the State.

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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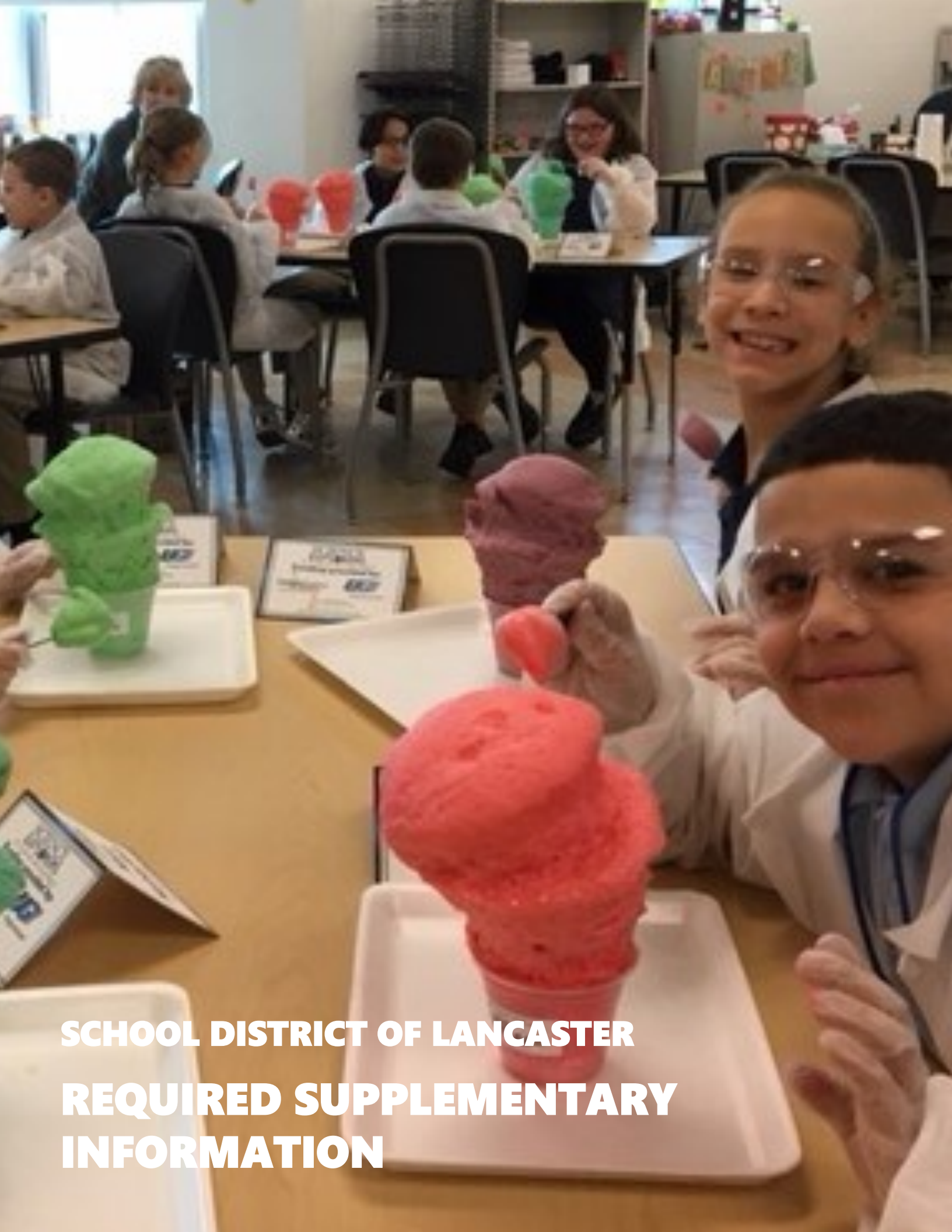
### (17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2019, the date on which the financial statements were available to be issued. Except as noted below, no material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in the financial statements.

On November 2019, the District issued \$21,370,000 in General Obligation Bonds Series A of 2019. The purpose of this issue is to provide funds to finance various capital projects of the school district and to pay for the costs of issuing the bonds.

On November 2019, the District issued \$17,280,000 in General Obligation Bonds Series B of 2019. The purpose of this issue is to provide funds for the current refunding of GOB Series of 2015 and GOB Series 2017 and to pay for the costs of issuing the bonds.

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**SCHOOL DISTRICT OF LANCASTER  
REQUIRED SUPPLEMENTARY  
INFORMATION**

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**SCHOOL DISTRICT OF LANCASTER**

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

Year ended June 30

|   | <b>Measurement Date</b> |                    |                    |                    |                    |
|---|-------------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b><u>2018</u></b>      | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
| District's proportion of the net pension liability  | 0.6119%                 | 0.6051%            | 0.5904%            | 0.5797%            | 0.5844%            |
| District's proportionate share of the net pension liability   | \$293,742,000           | \$298,849,000      | \$292,584,000      | \$251,099,000      | \$231,310,000      |
| District's covered-employee payroll   | \$ 82,401,570           | \$ 80,568,875      | \$ 76,467,379      | \$ 74,589,510      | \$ 74,579,956      |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 356%                    | 371%               | 383%               | 337%               | 310%               |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 54%                     | 52%                | 50%                | 54%                | 57%                |

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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.

**SCHOOL DISTRICT OF LANCASTER**

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

**Year ended June 30**

|  | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution                                  | \$28,544,895        | \$25,878,817        | \$23,280,520        | \$18,713,679        | \$14,850,811        |
| Contributions in relation to the contractually required contribution | <u>\$28,544,895</u> | <u>\$25,878,817</u> | <u>\$23,280,520</u> | <u>\$18,713,679</u> | <u>\$14,850,811</u> |
| Contribution deficiency (excess)                                     | -                   | -                   | -                   | -                   | -                   |
| District's covered-employee payroll                                  | \$87,561,028        | \$82,401,570        | \$80,568,875        | \$76,457,379        | \$74,589,510        |
| Contributions as a percentage of covered-employee payroll            | 33%                 | 31%                 | 29%                 | 24%                 | 20%                 |

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.



# SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30

|   | Measurement Date    |                     |
|---|---------------------|---------------------|
|   | 2018                | 2017                |
| <b>TOTAL OPEB LIABILITY</b>                         |                     |                     |
| Service cost  | \$ 2,275,906        | \$ 2,218,401        |
| Interest on total OPEB liability                    | 868,240             | 734,756             |
| Differences between expected and actual experience  | -                   | (3,971,492)         |
| Changes of assumptions                              | (3,184)             | 741,302             |
| Benefit payments                                    | <u>(1,330,563)</u>  | <u>(1,808,176)</u>  |
| <b>Net change in total OPEB liability</b>           | 1,810,399           | (2,085,209)         |
| <b>Total OPEB liability, beginning</b>              | <u>26,184,153</u>   | <u>28,269,362</u>   |
| <b>Total OPEB liability, ending</b>                 | <u>\$27,994,552</u> | <u>\$26,184,153</u> |
| <b>Covered payroll</b>                              | \$82,657,256        | \$82,657,256        |
| <b>Net OPEB liability as a % of covered payroll</b> | 33.87%              | 31.68%              |

### Notes of Schedule

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumption: In the 2017 actuarial valuation, the discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumption.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is completed, information for only those years for which information is available is shown.

# SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30

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|   | <u>Measurement Date</u> |               |               |
|---|-------------------------|---------------|---------------|
|   | <u>2018</u>             | <u>2017</u>   | <u>2016</u>   |
| District's proportion of the net OPEB liability   | 0.6119%                 | 0.6051%       | 0.5904%       |
| District's proportionate share of the net OPEB liability  | \$ 12,758,000           | \$ 12,328,000 | \$ 12,717,000 |
| District's covered-employee payroll   | \$ 82,401,570           | \$ 80,568,875 | \$ 76,457,379 |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered-employee payroll | 15%                     | 15%           | 17%           |
| Plan fiduciary net position as a percentage of the total<br>OPEB liability                                  | 5.56%                   | 5.73%         | 5.47%         |

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

# SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30

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|  | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|-------------------|
| Contractually required contribution                                  | \$ 726,757        | \$ 676,730        | \$ 661,741        |
| Contributions in relation to the contractually required contribution | <u>\$ 726,757</u> | <u>\$ 676,730</u> | <u>\$ 661,741</u> |
| Contribution deficiency (excess)                                     | -                 | -                 | -                 |
| District's covered-employee payroll                                  | \$87,561,084      | \$82,401,570      | \$80,568,875      |
| Contributions as a percentage of covered-employee payroll            | 1%                | 1%                | 1%                |

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

# SCHOOL DISTRICT OF LANCASTER SUPPLEMENTARY INFORMATION



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# SCHOOL DISTRICT OF LANCASTER

## COMBINING BALANCE SHEET SCHEDULE - CAPITAL PROJECT FUNDS

June 30, 2019

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|  | <u>Capital<br/>Reserve</u> | <u>Construction<br/>Fund</u> | <u>Total</u>         |
|--|----------------------------|------------------------------|----------------------|
| <b>ASSETS</b>                              |                            |                              |                      |
| Cash and cash equivalents                  | \$ 13,096,296              | \$ 10,209,969                | \$ 23,306,265        |
| Other receivables                          | <u>-</u>                   | <u>1,244</u>                 | <u>1,244</u>         |
| <b>Total assets</b>                        | <u>\$ 13,096,296</u>       | <u>\$ 10,211,213</u>         | <u>\$ 23,307,509</u> |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |                            |                              |                      |
| <b>LIABILITIES</b>                         |                            |                              |                      |
| Due to other funds                         | \$ 54,348                  | \$ 247,807                   | \$ 302,155           |
| Accounts payable                           | <u>-</u>                   | <u>5,966,102</u>             | <u>5,966,102</u>     |
| <b>Total liabilities</b>                   | 54,348                     | 6,213,909                    | 6,268,257            |
| <br><b>FUND BALANCES</b>                   |                            |                              |                      |
| Restricted for other capital purchases     | <u>13,041,948</u>          | <u>3,997,304</u>             | <u>17,039,252</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 13,096,296</u>       | <u>\$ 10,211,213</u>         | <u>\$ 23,307,509</u> |

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See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS

Year ended June 30, 2019

|  | <u>Capital<br/>Reserve</u> | <u>Construction<br/>Fund</u> | <u>Total</u>         |
|--|----------------------------|------------------------------|----------------------|
| <b>REVENUES</b>  |                            |                              |                      |
| Local sources  | \$ 275,875                 | \$ 295,710                   | \$ 571,585           |
| <b>EXPENDITURES</b>  |                            |                              |                      |
| Support services   | 10                         | -                            | 10                   |
| Capital outlay   | -                          | 31,708,341                   | 31,708,341           |
| Bond issuance costs  | -                          | 305,099                      | 305,099              |
| <b>Total expenditures</b>  | <u>10</u>                  | <u>32,013,440</u>            | <u>32,013,450</u>    |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <u>275,865</u>             | <u>(31,717,730)</u>          | <u>(31,441,865)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                    |                            |                              |                      |
| Issuance of debt   | -                          | 20,000,000                   | 20,000,000           |
| Premium on issuance of debt  | -                          | 718,973                      | 718,973              |
| <b>Total other financing sources (uses)</b>                              | <u>-</u>                   | <u>20,718,973</u>            | <u>20,718,973</u>    |
| <b>NET CHANGE IN FUND BALANCES</b>                                       | 275,865                    | (10,998,757)                 | (10,722,892)         |
| <b>FUND BALANCES</b>   |                            |                              |                      |
| Beginning of year  | <u>12,766,083</u>          | <u>14,996,061</u>            | <u>27,762,144</u>    |
| <b>End of year</b>   | <u>\$ 13,041,948</u>       | <u>\$ 3,997,304</u>          | <u>\$ 17,039,252</u> |

See accompanying notes

# SCHOOL DISTRICT OF LANCASTER

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

Year ended June 30, 2019

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|                               | <u>Balance<br/>July 1, 2018</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>June 30, 2019</u> |
|-------------------------------|---------------------------------|-------------------|-------------------|----------------------------------|
| <b>ASSETS</b>                 |                                 |                   |                   |                                  |
| <b>STUDENT ACTIVITY FUNDS</b> |                                 |                   |                   |                                  |
| Cash and cash equivalents     | \$ 111,413                      | \$ 122,539        | \$(72,010)        | \$ 161,942                       |
| <b>HOMELESS FUND</b>          |                                 |                   |                   |                                  |
| Cash and cash equivalents     | <u>17,073</u>                   | <u>11,666</u>     | <u>2,443</u>      | <u>31,182</u>                    |
| <b>Total assets</b>           | <u>\$ 128,486</u>               | <u>\$ 134,205</u> | <u>\$(69,567)</u> | <u>\$ 193,124</u>                |
| <br><b>LIABILITIES</b>        |                                 |                   |                   |                                  |
| <b>STUDENT ACTIVITY FUNDS</b> |                                 |                   |                   |                                  |
| Other liabilities             | \$ 111,413                      | \$ 122,539        | \$(72,010)        | \$ 161,942                       |
| <b>HOMELESS FUND</b>          |                                 |                   |                   |                                  |
| Other liabilities             | <u>17,073</u>                   | <u>11,666</u>     | <u>2,443</u>      | <u>31,182</u>                    |
| <b>Total liabilities</b>      | <u>\$ 128,486</u>               | <u>\$ 134,205</u> | <u>\$(69,567)</u> | <u>\$ 193,124</u>                |

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See accompanying notes



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# SCHOOL DISTRICT OF LANCASTER

# STATISTICAL SECTION



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# SCHOOL DISTRICT OF LANCASTER

## ***STATISTICAL SECTION***

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This part of the School District of Lancaster's (the "***District***") Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Contents**

#### **Financial Trends – (Pages 82-86)**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Net Position (Deficit)
- Changes in Net Position (Deficit)
- Fund Balances of Governmental Funds
- Changes in Governmental Fund Balances

#### **Revenue Capacity – (Pages 87-90)**

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

- Assessed Value and Estimated Actual Value of Taxable Property
- Property Tax Rates – All Overlapping Governments
- Principal Taxpayers
- Property Tax Levies and Collections

#### **Debt Capacity – (Pages 91-94)**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin

#### **Demographic and Economic Information – (Pages 95-97)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Principal Employers
- Demographic and Economic Statistics
- Full-Time Equivalent Employees

# SCHOOL DISTRICT OF LANCASTER

## **STATISTICAL SECTION**

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### **Operating Information – (Pages 98-111)**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

- Expenditures by Function – General Fund
- Cost per Student by Function – General Fund
- Capital Asset Information
- Free and Reduced Lunch Participation
- Student/Teacher Ratio
- Teacher Information by Level
- Teacher Salary Information
- Bank Deposit Information
- Miscellaneous Statistics
- Coverage of Debt Service and Lease Rental Requirements by State Aid
- Enrollment Trends

*Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.*

# SCHOOL DISTRICT OF LANCASTER

## NET POSITION (DEFICIT) BY COMPONENT - UNAUDITED

Last ten fiscal years ending June 30,  
Accrual basis of accounting

|  | Fiscal Year             |                         |                         |                         |                         |                         |                      |                      |                      |                      |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|
|  | <u>2019</u>             | <u>2018</u>             | <u>2017</u>             | <u>2016</u>             | <u>2015</u>             | <u>2014</u>             | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>          |
| <b>Governmental activities</b>                     |                         |                         |                         |                         |                         |                         |                      |                      |                      |                      |
| Net investment in capital assets                   | \$ 24,544,636           | \$ 23,901,756           | \$ 22,413,651           | \$ 21,652,689           | \$ 21,232,995           | \$ 17,556,589           | \$ 35,967,384        | \$ 34,225,400        | \$ 28,818,104        | \$ 23,646,185        |
| Restricted for debt service and capital projects   | 23,248,117              | 18,747,450              | 11,580,449              | 1,729,365               | 839,828                 | 25,148                  | 14,150               | 5,587                | -                    | -                    |
| Unrestricted (deficit)                             | <u>(259,702,545)</u>    | <u>(250,102,052)</u>    | <u>(238,653,820)</u>    | <u>(227,626,127)</u>    | <u>(196,848,312)</u>    | <u>(194,020,155)</u>    | <u>22,229,689</u>    | <u>19,266,428</u>    | <u>18,013,632</u>    | <u>11,425,924</u>    |
| <b>Total governmental activities net position</b>  | <u>\$ (211,909,792)</u> | <u>\$ (207,452,846)</u> | <u>\$ (204,659,720)</u> | <u>\$ (204,244,073)</u> | <u>\$ (174,775,489)</u> | <u>\$ (176,438,418)</u> | <u>\$ 58,211,223</u> | <u>\$ 53,497,415</u> | <u>\$ 46,831,736</u> | <u>\$ 35,072,109</u> |
| <b>Business-type activities</b>                    |                         |                         |                         |                         |                         |                         |                      |                      |                      |                      |
| Net investment in capital assets                   | \$ 435,573              | \$ 474,007              | \$ 455,414              | \$ 479,391              | \$ 466,576              | \$ 389,694              | \$ 421,615           | \$ 401,616           | \$ 287,417           | \$ 318,011           |
| Unrestricted (deficit)                             | <u>1,270,666</u>        | <u>397,241</u>          | <u>(388,407)</u>        | <u>(813,240)</u>        | <u>(1,190,754)</u>      | <u>(1,496,079)</u>      | <u>2,208,301</u>     | <u>1,953,381</u>     | <u>1,823,170</u>     | <u>1,559,567</u>     |
| <b>Total business-type activities net position</b> | <u>\$ 1,706,239</u>     | <u>\$ 871,248</u>       | <u>\$ 67,007</u>        | <u>\$ (333,849)</u>     | <u>\$ (724,178)</u>     | <u>\$ (1,106,385)</u>   | <u>\$ 2,629,916</u>  | <u>\$ 2,354,997</u>  | <u>\$ 2,110,587</u>  | <u>\$ 1,877,578</u>  |
| <b>Primary Government</b>                          |                         |                         |                         |                         |                         |                         |                      |                      |                      |                      |
| Net investment in capital assets                   | \$ 24,980,209           | \$ 24,375,763           | \$ 22,869,065           | \$ 22,132,080           | \$ 21,699,571           | \$ 17,946,283           | \$ 36,388,999        | \$ 34,627,016        | \$ 29,105,521        | \$ 23,964,196        |
| Restricted   | 23,248,117              | 18,747,450              | 11,580,449              | 1,729,365               | 839,828                 | 25,148                  | 14,150               | 5,587                | -                    | -                    |
| Unrestricted (deficit)                             | <u>(258,431,879)</u>    | <u>(249,704,811)</u>    | <u>(239,042,227)</u>    | <u>(228,439,367)</u>    | <u>(198,039,066)</u>    | <u>(195,516,234)</u>    | <u>24,437,990</u>    | <u>21,219,809</u>    | <u>19,836,802</u>    | <u>12,985,491</u>    |
| <b>Total primary government</b>                    | <u>\$ (210,203,553)</u> | <u>\$ (206,581,598)</u> | <u>\$ (204,592,713)</u> | <u>\$ (204,577,922)</u> | <u>\$ (175,499,667)</u> | <u>\$ (177,544,803)</u> | <u>\$ 60,841,139</u> | <u>\$ 55,852,412</u> | <u>\$ 48,942,323</u> | <u>\$ 36,949,687</u> |

Source: District records

# SCHOOL DISTRICT OF LANCASTER

## CHANGES IN NET POSITION (DEFICIT) - UNAUDITED

Last ten fiscal years ending June 30,  
Accrual basis of accounting

|  | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  | 2013                  | 2012                  | 2011                  | 2010                  |
| <b>Expenses</b>                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Instruction                                      | \$ 146,833,906        | \$ 142,779,474        | \$ 137,355,065        | \$ 124,744,115        | \$ 122,634,168        | \$ 114,846,475        | \$ 111,409,823        | \$ 104,273,412        | \$ 104,999,463        | \$ 101,379,094        |
| Instructional student support                    | 29,583,068            | 27,130,534            | 26,137,628            | 21,335,536            | 18,379,785            | 16,546,150            | 16,690,050            | 15,522,325            | 15,521,654            | 16,022,926            |
| Administrative and financial support services    | 23,650,963            | 21,917,346            | 22,368,271            | 19,195,351            | 19,308,153            | 16,796,610            | 15,489,811            | 15,364,248            | 14,731,951            | 15,043,964            |
| Operation and maintenance of plant services      | 13,688,769            | 13,378,061            | 12,618,202            | 12,320,528            | 12,915,663            | 13,379,065            | 11,691,446            | 10,644,677            | 11,378,343            | 10,947,496            |
| Pupil transportation                             | 5,637,540             | 4,926,492             | 4,570,091             | 4,325,381             | 4,439,495             | 4,232,053             | 4,094,866             | 3,485,249             | 2,846,210             | 2,555,287             |
| Student activities                               | 2,048,478             | 2,415,134             | 2,369,349             | 2,083,201             | 2,059,042             | 1,921,171             | 2,036,299             | 1,659,069             | 1,693,270             | 1,698,032             |
| Community services                               | 521,462               | 631,102               | 565,494               | 562,794               | 478,937               | 475,841               | 481,038               | 545,084               | 682,645               | 639,568               |
| Interest on long-term debt                       | 6,137,433             | 6,060,779             | 4,984,094             | 6,139,351             | 6,362,354             | 6,578,306             | 7,084,611             | 6,904,825             | 5,129,381             | 3,975,081             |
| <b>Total governmental activities</b>             | <u>228,101,619</u>    | <u>219,238,922</u>    | <u>210,968,194</u>    | <u>190,706,257</u>    | <u>186,577,597</u>    | <u>174,775,671</u>    | <u>168,977,944</u>    | <u>158,398,889</u>    | <u>156,982,917</u>    | <u>152,261,448</u>    |
| Business-type activities                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Food service                                     | 7,238,786             | 7,082,342             | 7,406,613             | 7,020,269             | 6,656,020             | 6,351,425             | 5,987,204             | 5,671,870             | 5,289,596             | 5,223,414             |
| <b>Total primary government expenses</b>         | <u>\$ 235,340,405</u> | <u>\$ 226,321,264</u> | <u>\$ 218,374,807</u> | <u>\$ 197,726,526</u> | <u>\$ 193,233,617</u> | <u>\$ 181,127,096</u> | <u>\$ 174,965,148</u> | <u>\$ 164,070,759</u> | <u>\$ 162,272,513</u> | <u>\$ 157,484,862</u> |
| <b>Program Revenues</b>                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Instruction                                      | \$ 2,859,353          | \$ 2,578,661          | \$ 2,934,718          | \$ 1,933,209          | \$ 1,685,153          | \$ 1,335,572          | \$ 1,059,118          | \$ 1,137,382          | \$ 1,126,483          | \$ 1,005,540          |
| Non-instructional                                | 87,633                | 97,720                | 100,160               | 684,399               | 652,548               | 727,547               | 713,360               | 522,878               | 186,287               | 134,643               |
| Operating grants and contributions               | 65,370,856            | 63,880,961            | 64,488,863            | 50,206,955            | 51,462,512            | 44,295,009            | 45,255,845            | 42,653,317            | 56,083,011            | 47,768,707            |
| Capital grants and contributions                 | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 2,479                 | 118,710               | 25,000                |
| <b>Total governmental activities</b>             | <u>68,317,842</u>     | <u>66,557,342</u>     | <u>67,523,741</u>     | <u>52,824,563</u>     | <u>53,800,213</u>     | <u>46,358,128</u>     | <u>47,028,323</u>     | <u>44,316,056</u>     | <u>57,514,491</u>     | <u>48,933,890</u>     |
| Business-type activities                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Food Service                                     | 658,249               | 667,086               | 604,724               | 705,272               | 622,352               | 683,422               | 697,044               | 643,274               | 675,962               | 689,050               |
| Operating grants and contributions               | 7,702,867             | 7,654,158             | 7,412,184             | 7,090,226             | 6,615,635             | 5,791,307             | 5,564,112             | 5,272,896             | 4,998,373             | 4,822,986             |
| <b>Total business-type activities</b>            | <u>8,361,116</u>      | <u>8,321,244</u>      | <u>8,016,908</u>      | <u>7,795,498</u>      | <u>7,237,987</u>      | <u>6,474,729</u>      | <u>6,261,156</u>      | <u>5,916,170</u>      | <u>5,674,335</u>      | <u>5,512,036</u>      |
| <b>Total primary government program revenues</b> | <u>\$ 76,678,958</u>  | <u>\$ 74,878,586</u>  | <u>\$ 75,540,649</u>  | <u>\$ 60,620,061</u>  | <u>\$ 61,038,200</u>  | <u>\$ 52,832,857</u>  | <u>\$ 53,289,479</u>  | <u>\$ 50,232,226</u>  | <u>\$ 63,188,826</u>  | <u>\$ 54,445,926</u>  |

Source: District records

Continued on next page

# SCHOOL DISTRICT OF LANCASTER

## CHANGES IN NET POSITION (DEFICIT) - UNAUDITED

Last ten fiscal years ending June 30,  
Accrual basis of accounting

|   | Fiscal Year            |                        |                        |                        |                        |                        |                        |                        |                       |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|------------------------|
|   | 2019                   | 2018                   | 2017                   | 2016                   | 2015                   | 2014                   | 2013                   | 2012                   | 2011                  | 2010                   |
| <b>Net (expense) revenue</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                       |                        |
| Governmental activities                                   | \$(159,783,777)        | \$(152,681,580)        | \$(143,444,453)        | \$(137,881,694)        | \$(132,777,384)        | \$(128,417,543)        | \$(121,949,621)        | \$(114,082,833)        | \$(99,468,426)        | \$(103,327,558)        |
| Business-type activities                                  | 1,122,330              | 1,238,902              | 610,295                | 775,229                | 581,967                | 123,304                | 273,952                | 244,300                | 384,739               | 288,622                |
| <b>Total primary government net expense</b>               | <b>\$(158,661,447)</b> | <b>\$(151,442,678)</b> | <b>\$(142,834,158)</b> | <b>\$(137,106,465)</b> | <b>\$(132,195,417)</b> | <b>\$(128,294,239)</b> | <b>\$(121,675,669)</b> | <b>\$(113,838,533)</b> | <b>\$(99,083,687)</b> | <b>\$(103,038,936)</b> |
| <b>General revenues and other changes in net position</b> |                        |                        |                        |                        |                        |                        |                        |                        |                       |                        |
| Governmental activities                                   |                        |                        |                        |                        |                        |                        |                        |                        |                       |                        |
| Property taxes  | \$ 73,129,795          | \$ 71,670,605          | \$ 70,437,567          | \$ 68,785,011          | \$ 66,875,331          | \$ 64,140,615          | \$ 62,728,042          | \$ 60,338,390          | \$ 57,356,330         | \$ 56,075,451          |
| Taxes levied for specific purpose                         | 10,406,197             | 9,009,258              | 8,694,565              | 7,959,627              | 7,778,660              | 7,287,117              | 7,544,403              | 7,052,741              | 6,181,848             | 5,896,836              |
| Unrestricted grants                                       | 67,618,836             | 66,531,487             | 62,191,307             | 61,445,799             | 58,805,720             | 59,097,076             | 55,820,310             | 53,396,073             | 46,412,037            | 47,123,226             |
| Investment earnings                                       | 2,749,234              | 846,332                | 306,157                | 277,321                | 107,470                | 121,699                | 164,913                | 310,683                | 538,152               | 940,416                |
| Miscellaneous income                                      | 1,131,486              | 1,393,722              | 1,187,925              | 693,653                | 671,824                | 467,766                | 405,761                | 615,723                | 587,186               | 710,814                |
| Transfers   | 291,283                | 437,050                | 211,285                | 182,335                | 201,308                | 178,420                | -                      | -                      | 152,500               | -                      |
| <b>Total governmental activities</b>                      | <b>155,326,831</b>     | <b>149,888,454</b>     | <b>143,028,806</b>     | <b>139,343,746</b>     | <b>134,440,313</b>     | <b>131,292,693</b>     | <b>126,663,429</b>     | <b>121,713,610</b>     | <b>111,228,053</b>    | <b>110,746,743</b>     |
| Business-type activities                                  |                        |                        |                        |                        |                        |                        |                        |                        |                       |                        |
| Investment earnings                                       | 3,944                  | 2,389                  | 1,846                  | 2,374                  | 1,548                  | 1,413                  | 967                    | 110                    | 770                   | 1,188                  |
| Transfers   | (291,283)              | (437,050)              | (211,285)              | (182,335)              | (201,308)              | (178,420)              | -                      | -                      | (152,500)             | -                      |
| <b>Total business-type activities</b>                     | <b>(287,339)</b>       | <b>(434,661)</b>       | <b>(209,439)</b>       | <b>(179,961)</b>       | <b>(199,760)</b>       | <b>(177,007)</b>       | <b>967</b>             | <b>110</b>             | <b>(151,730)</b>      | <b>1,188</b>           |
| <b>Total primary government</b>                           | <b>\$ 155,039,492</b>  | <b>\$ 149,453,793</b>  | <b>\$ 142,819,367</b>  | <b>\$ 139,163,785</b>  | <b>\$ 134,240,553</b>  | <b>\$ 131,115,686</b>  | <b>\$ 126,664,396</b>  | <b>\$ 121,713,720</b>  | <b>\$ 111,076,323</b> | <b>\$ 110,747,931</b>  |
| <b>Change in net position</b>                             |                        |                        |                        |                        |                        |                        |                        |                        |                       |                        |
| Governmental activities                                   | \$ (4,456,946)         | \$ (2,793,126)         | \$ (415,647)           | \$ 1,462,052           | \$ 1,662,929           | \$ 2,875,150           | \$ 4,713,808           | \$ 7,630,777           | \$ 11,759,627         | \$ 7,419,185           |
| Business-type activities                                  | 834,991                | 804,241                | 400,856                | 595,268                | 382,207                | (53,703)               | 274,919                | 244,410                | 233,009               | 289,810                |
| <b>Total primary government</b>                           | <b>\$ (3,621,955)</b>  | <b>\$ (1,988,885)</b>  | <b>\$ (14,791)</b>     | <b>\$ 2,057,320</b>    | <b>\$ 2,045,136</b>    | <b>\$ 2,821,447</b>    | <b>\$ 4,988,727</b>    | <b>\$ 7,875,187</b>    | <b>\$ 11,992,636</b>  | <b>\$ 7,708,995</b>    |

Source: District records



# SCHOOL DISTRICT OF LANCASTER

## FUND BALANCES OF GOVERNMENTAL FUNDS - UNAUDITED

Last ten fiscal years ending June 30,  
Modified accrual basis of accounting

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 |
| <b>General Fund</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Inventory                                 | \$ 200,150           | \$ 188,023           | \$ 203,164           | \$ 245,180           | \$ 150,188           | \$ 157,035           | \$ 220,991           | \$ 309,379           | \$ 394,377           | \$ 356,262           |
| Prepaid items                             | 31,004               | 14,770               | 115,653              | 24,698               | 23,633               | 18,413               | 18,662               | 57,619               | -                    | -                    |
| Committed to                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| PSERS                                     | -                    | -                    | 2,321,121            | 2,321,121            | 2,321,121            | 2,321,121            | 2,321,121            | 2,321,121            | 2,321,121            | -                    |
| Capital projects                          | -                    | -                    | -                    | 2,300,000            | 2,300,000            | -                    | -                    | -                    | -                    | -                    |
| Security projects                         | 1,000,000            | 1,000,000            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Technology projects                       | 2,500,000            | 2,500,000            | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Assigned to                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Student athletics                         | 138,476              | 138,476              | 1,373,801            | 44,582               | 393,376              | 289,135              | 668,454              | 330,242              | 157,716              | 72,561               |
| Repairs and maintenance contingency       | 2,750,000            | 2,750,000            | 1,000,000            | 1,000,000            | 1,000,000            | 1,000,000            | 1,000,000            | 1,000,000            | -                    | -                    |
| Unassigned                                | 23,745,393           | 22,511,156           | 24,453,132           | 22,522,773           | 19,438,823           | 17,965,231           | 18,197,069           | 16,622,571           | 11,521,686           | 6,817,216            |
| <b>Total general fund</b>                 | <b>\$ 30,365,023</b> | <b>\$ 29,102,425</b> | <b>\$ 29,466,871</b> | <b>\$ 28,458,354</b> | <b>\$ 25,627,141</b> | <b>\$ 21,750,935</b> | <b>\$ 22,426,297</b> | <b>\$ 20,640,932</b> | <b>\$ 14,394,900</b> | <b>\$ 7,246,039</b>  |
| <b>All other governmental funds</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Prepaid items                             | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 8,156             | \$ 8,156             | \$ 8,156             | \$ -                 | \$ -                 |
| Restricted for                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Debt service                              | 10,206,169           | 5,981,367            | 2,928,016            | 1,135,058            | 35,945               | 25,148               | 14,150               | 5,587                | -                    | -                    |
| Capital projects funds                    | 17,039,252           | 27,762,144           | 30,459,799           | 594,307              | 803,883              | -                    | 13,417,238           | 46,245,498           | 37,968,095           | 15,565,830           |
| Assigned to                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Other capital projects                    | -                    | -                    | -                    | -                    | -                    | 769,419              | 1,353,643            | 1,576,752            | 1,886,142            | 1,672,269            |
| <b>Total all other governmental funds</b> | <b>\$ 27,245,421</b> | <b>\$ 33,743,511</b> | <b>\$ 33,387,815</b> | <b>\$ 1,729,365</b>  | <b>\$ 839,828</b>    | <b>\$ 802,723</b>    | <b>\$ 14,793,187</b> | <b>\$ 47,835,993</b> | <b>\$ 39,854,237</b> | <b>\$ 17,238,099</b> |
| <b>Total governmental fund balances</b>   | <b>\$ 57,610,444</b> | <b>\$ 62,845,936</b> | <b>\$ 62,854,686</b> | <b>\$ 30,187,719</b> | <b>\$ 26,466,969</b> | <b>\$ 22,553,658</b> | <b>\$ 37,219,484</b> | <b>\$ 68,476,925</b> | <b>\$ 54,249,137</b> | <b>\$ 24,484,138</b> |

Source: District records

# SCHOOL DISTRICT OF LANCASTER

## CHANGES IN GOVERNMENTAL FUND BALANCES - UNAUDITED

Last ten fiscal years ending June 30,  
Modified accrual basis of accounting

|  | Fiscal Year           |                    |                      |                     |                     |                        |                        |                      |                      |                        |
|--|-----------------------|--------------------|----------------------|---------------------|---------------------|------------------------|------------------------|----------------------|----------------------|------------------------|
|  | 2019                  | 2018               | 2017                 | 2016                | 2015                | 2014                   | 2013                   | 2012                 | 2011                 | 2010                   |
| <b>Revenues</b>  |                       |                    |                      |                     |                     |                        |                        |                      |                      |                        |
| Local sources  | \$ 91,133,087         | \$ 85,768,202      | \$ 85,645,501        | \$ 80,900,521       | \$ 78,733,672       | \$ 74,940,658          | \$ 73,567,448          | \$ 71,239,071        | \$ 66,974,022        | \$ 64,035,593          |
| State sources  | 113,505,116           | 109,052,733        | 106,826,894          | 93,868,542          | 92,845,713          | 85,312,270             | 79,715,607             | 75,299,530           | 70,351,980           | 71,219,233             |
| Federal sources  | 19,206,516            | 21,175,997         | 17,792,245           | 16,778,242          | 16,827,580          | 17,288,476             | 20,470,595             | 21,079,366           | 28,672,132           | 23,536,326             |
| <b>Total revenues</b>  | <u>223,844,719</u>    | <u>215,996,932</u> | <u>210,264,640</u>   | <u>191,547,305</u>  | <u>188,406,965</u>  | <u>177,541,404</u>     | <u>173,753,650</u>     | <u>167,617,967</u>   | <u>165,998,134</u>   | <u>158,791,152</u>     |
| <b>Expenditures</b>  |                       |                    |                      |                     |                     |                        |                        |                      |                      |                        |
| Current  |                       |                    |                      |                     |                     |                        |                        |                      |                      |                        |
| Instruction  | 135,697,513           | 130,750,388        | 125,151,677          | 118,597,713         | 115,654,698         | 111,729,875            | 107,080,359            | 101,686,237          | 103,936,817          | 100,013,528            |
| Support services   | 68,561,528            | 63,024,665         | 60,107,790           | 54,605,305          | 52,293,662          | 49,873,635             | 46,536,815             | 43,442,860           | 44,246,806           | 43,854,580             |
| Operation of noninstructional services                           | 2,527,343             | 3,082,902          | 2,927,360            | 2,734,054           | 2,688,102           | 2,457,439              | 2,529,821              | 2,197,210            | 2,397,220            | 2,313,181              |
| Facilities acquisition, construction and improvement services    | 1,299,709             | 1,938,088          | 488,340              |                     |                     |                        |                        |                      |                      |                        |
| Capital outlay   | 31,708,341            | 7,101,579          | 1,473,053            | 479,585             | 245,044             | 13,900,899             | 32,988,059             | 26,398,594           | 22,540,696           | 30,183,056             |
| Debt service:  |                       |                    |                      |                     |                     |                        |                        |                      |                      |                        |
| Principal  | 8,112,010             | 8,156,576          | 9,971,274            | 9,421,696           | 11,296,212          | 11,352,379             | 11,753,563             | 10,869,371           | 8,550,955            | 7,068,151              |
| Interest   | 6,407,482             | 6,444,995          | 5,744,211            | 6,050,369           | 6,507,567           | 6,710,190              | 7,105,162              | 6,275,864            | 4,604,197            | 4,145,990              |
| Bond issuance costs  | 305,099               | -                  | 750,371              | -                   | 103,500             | 110,873                | -                      | 614,127              | -                    | -                      |
| <b>Total expenditures</b>  | <u>254,619,025</u>    | <u>220,499,193</u> | <u>206,614,076</u>   | <u>191,888,722</u>  | <u>188,788,785</u>  | <u>196,135,290</u>     | <u>207,993,779</u>     | <u>191,484,263</u>   | <u>186,276,691</u>   | <u>187,578,486</u>     |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(30,774,306)</u>   | <u>(4,502,261)</u> | <u>3,650,564</u>     | <u>(341,417)</u>    | <u>(381,820)</u>    | <u>(18,593,886)</u>    | <u>(34,240,129)</u>    | <u>(23,866,296)</u>  | <u>(20,278,557)</u>  | <u>(28,787,334)</u>    |
| <b>Other financing sources (uses)</b>                            |                       |                    |                      |                     |                     |                        |                        |                      |                      |                        |
| Refunding bonds issued   | -                     | -                  | 41,775,000           | -                   | 9,875,000           | 7,725,000              | -                      | 7,750,000            | -                    | -                      |
| Payments to refunded bond escrow agent                           | -                     | -                  | (46,296,688)         | -                   | (9,771,500)         | (7,745,370)            | -                      | (7,910,100)          | -                    | -                      |
| Issuance of debt   | 24,528,558            | 4,056,461          | 22,802,955           | 3,879,832           | 3,990,323           | 3,638,767              | 2,982,688              | 37,958,627           | 49,828,095           | 847,171                |
| Premium on bonds issued  | 718,973               | -                  | 8,523,851            | -                   | -                   | 131,243                | -                      | 295,557              | -                    | -                      |
| Discount on issuance of debt                                     | -                     | -                  | -                    | -                   | -                   | -                      | -                      | -                    | (537,182)            | -                      |
| Transfers in   | 3,463,732             | 7,640,729          | 10,086,343           | 1,403,348           | 628,759             | 198,197                | 10,000                 | 8,823                | 1,890,703            | 2,081,166              |
| Transfers out  | (3,172,449)           | (7,203,679)        | (7,875,058)          | (1,221,013)         | (427,451)           | (19,777)               | (10,000)               | (8,823)              | (1,738,203)          | (2,081,166)            |
| <b>Total other financing sources (uses)</b>                      | <u>25,538,814</u>     | <u>4,493,511</u>   | <u>29,016,403</u>    | <u>4,062,167</u>    | <u>4,295,131</u>    | <u>3,928,060</u>       | <u>2,982,688</u>       | <u>38,094,084</u>    | <u>49,443,413</u>    | <u>847,171</u>         |
| <b>Net change in fund balances</b>                               | <u>\$ (5,235,492)</u> | <u>\$ (8,750)</u>  | <u>\$ 32,666,967</u> | <u>\$ 3,720,750</u> | <u>\$ 3,913,311</u> | <u>\$ (14,665,826)</u> | <u>\$ (31,257,441)</u> | <u>\$ 14,227,788</u> | <u>\$ 29,164,856</u> | <u>\$ (27,940,163)</u> |
| Debt service as a percentage of noncapital expenditures          | 7%                    | 7%                 | 8%                   | 8%                  | 9%                  | 10%                    | 11%                    | 11%                  | 8%                   | 7%                     |

Source: District records

**SCHOOL DISTRICT OF LANCASTER**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - UNAUDITED**

Last ten fiscal years ending June 30,

Real Property

| <u>Fiscal Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Less: Tax Exempt Property</u> | <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Actual Taxable Value</u> | <u>Assessed Value as a Percentage of Actual Value</u> |
|--------------------|-----------------------------|----------------------------|----------------------------------|-------------------------------------|------------------------------|---------------------------------------|---|
| 2019               | \$2,394,581,900             | \$2,327,920,200            | \$1,106,781,800                  | \$3,615,720,300                     | 21.3274                      | \$3,615,720,300                       | 100.00%   |
| 2018               | 1,781,915,000               | 1,733,003,200              | 829,610,900                      | 2,685,307,300                       | 28.2568                      | 2,685,307,300                         | 100.00%   |
| 2017               | 1,778,550,500               | 1,744,072,500              | 837,625,800                      | 2,684,997,200                       | 27.7572                      | 2,684,997,200                         | 100.00%   |
| 2016               | 1,775,495,200               | 1,739,389,300              | 837,042,400                      | 2,677,842,100                       | 27.2129                      | 2,677,842,100                         | 100.00%   |
| 2015               | 1,772,172,000               | 1,731,608,300              | 835,316,300                      | 2,668,464,000                       | 26.6793                      | 2,668,464,000                         | 100.00%   |
| 2014               | 1,770,321,300               | 1,718,589,200              | 830,624,000                      | 2,658,286,500                       | 25.9224                      | 2,658,286,500                         | 100.00%   |
| 2013               | 1,769,408,100               | 1,698,005,700              | 819,383,300                      | 2,648,030,500                       | 25.2902                      | 2,648,030,500                         | 100.00%   |
| 2012               | 1,765,080,800               | 1,691,991,000              | 816,622,400                      | 2,640,449,400                       | 24.6972                      | 2,640,449,400                         | 100.00%   |
| 2011               | 1,745,124,400               | 1,678,657,100              | 815,894,700                      | 2,607,886,800                       | 24.2130                      | 2,607,886,800                         | 100.00%   |
| 2010               | 1,728,829,600               | 1,527,169,600              | 662,431,200                      | 2,593,568,000                       | 23.2600                      | 2,593,568,000                         | 100.00%   |

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*Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value.*

Source: Lancaster County Assessment Office

# SCHOOL DISTRICT OF LANCASTER

## PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>Direct Rates</u>        | <u>Overlapping Rates</u> |                              |                               | <u>Total Direct<br/>and Overlapping<br/>Rates</u> |
|--------------------|----------------------------|--------------------------|------------------------------|-------------------------------|---|
|                    | <u>School<br/>District</u> | <u>County</u>            | <u>City of<br/>Lancaster</u> | <u>Lancaster<br/>Township</u> |   |
| 2019               | 21.3274                    | 2.911                    | 11.700                       | 0.910                         | 36.8484   |
| 2018               | 28.2568                    | 3.735                    | 14.440                       | 1.200                         | 47.6318   |
| 2017               | 27.7572                    | 3.735                    | 14.020                       | 0.600                         | 46.1122   |
| 2016               | 27.2129                    | 3.735                    | 14.020                       | 0.600                         | 45.5679   |
| 2015               | 26.6793                    | 3.735                    | 13.040                       | 0.600                         | 44.0543   |
| 2014               | 25.9224                    | 3.735                    | 13.040                       | 0.600                         | 43.2974   |
| 2013               | 25.2902                    | 3.735                    | 13.040                       | 0.600                         | 42.6652   |
| 2012               | 24.6972                    | 3.416                    | 12.040                       | 0.600                         | 40.7532   |
| 2011               | 24.2130                    | 3.416                    | 12.040                       | 0.600                         | 40.2690   |
| 2010               | 23.2600                    | 3.416                    | 9.640                        | 0.600                         | 36.9160   |

Source: District and Municipality records

# SCHOOL DISTRICT OF LANCASTER

## PRINCIPAL TAXPAYERS - UNAUDITED

Current Year and Nine Years Ago

|                                 | 2019                   |      |  | Taxpayer                        | 2010                   |      |  |
|---------------------------------|------------------------|------|--|---------------------------------|------------------------|------|--|
|                                 | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Valuation |                                 | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Valuation |
| <b>Taxpayer</b>                 |                        |      |  |                                 |                        |      |  |
| Park City Center Business Trust | \$168,040,300          | 1    | 4.65%  | Park City Center Business Trust | \$134,641,400          | 1    | 3.72%  |
| Kensington Club of PA LLC       | 23,806,900             | 2    | 0.66%  | Pax Mal Realty Co. LP           | 26,342,700             | 2    | 0.73%  |
| Urban Place LP                  | 23,012,600             | 3    | 0.64%  | RR Donnelley & Sons             | 22,394,900             | 3    | 0.62%  |
| Montgomery Acquisition LP       | 17,657,800             | 4    | 0.49%  | Rose City HMA                   | 21,268,700             | 4    | 0.59%  |
| Red Rose Commons Associates, LP | 16,604,900             | 5    | 0.46%  | Hershey Farm Company            | 19,091,200             | 5    | 0.53%  |
| Ferndate Apartment Associates   | 11,953,300             | 6    | 0.33%  | Treeco Manor LTD Partnership    | 13,306,400             | 6    | 0.37%  |
| LSC Communications US LLC       | 11,367,900             | 7    | 0.31%  | S & P Real Estate Co. LP        | 11,419,400             | 7    | 0.32%  |
| Hawthorne Gardens LP            | 11,531,900             | 8    | 0.32%  | EDC Finance Corp.               | 9,240,000              | 8    | 0.26%  |
| Lancaster General Hospital      | 10,675,500             | 9    | 0.30%  | Burle Business Park LP          | 8,500,000              | 9    | 0.24%  |
| Regancy V LP                    | <u>7,216,100</u>       | 10   | <u>0.20%</u>                                   | 101 North Queen Associates LP   | <u>8,385,000</u>       | 10   | <u>0.23%</u>                                   |
| Total                           | <u>\$301,867,200</u>   |      | <u>8.35%</u>                                   | Total                           | <u>\$274,589,700</u>   |      | <u>7.59%</u>                                   |

Source: Lancaster County Assessment Office

# SCHOOL DISTRICT OF LANCASTER

## PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED

Last ten fiscal years ending June 30,

| <u>Fiscal Year</u> | <u>Total Levy</u> | <u>Homestead Exemptions</u> | <u>Net Levy</u> | <u>Collected within Tax Levy Period<sup>(2)</sup></u> |                               | <u>Collections in Subsequent Tax Levy Year<sup>(2)</sup></u> | <u>Total Collections to Date</u> |                           |
|--------------------|-------------------|-----------------------------|-----------------|---|-------------------------------|--|----------------------------------|---------------------------|
|                    |                   |                             |                 | <u>Amount<sup>(1)</sup></u>                           | <u>Percentage of Net Levy</u> |  | <u>Amount</u>                    | <u>Percentage of Levy</u> |
| 2019               | \$77,113,913      | \$4,987,594                 | \$72,126,319    | \$69,468,729  | 96.32%                        | \$1,059,130  | \$70,527,859                     | 97.78%                    |
| 2018               | 75,878,191        | 4,984,431                   | 70,893,760      | 68,123,782  | 96.09%                        | 1,087,725  | 69,211,507                       | 97.63%                    |
| 2017               | 74,528,004        | 5,073,200                   | 69,454,804      | 66,826,467  | 96.22%                        | 2,435,276  | 69,261,743                       | 99.72%                    |
| 2016               | 72,871,849        | 4,985,614                   | 67,886,235      | 65,010,667  | 95.76%                        | 2,639,966  | 67,650,633                       | 99.65%                    |
| 2015               | 71,103,304        | 4,983,535                   | 66,119,769      | 63,731,569  | 96.39%                        | 2,388,200  | 66,119,769                       | 100.00%                   |
| 2014               | 68,950,712        | 4,979,368                   | 63,971,344      | 61,043,406  | 95.42%                        | 2,927,938  | 63,971,344                       | 100.00%                   |
| 2013               | 66,969,221        | 4,990,028                   | 61,979,193      | 59,055,062  | 95.28%                        | 2,924,131  | 61,979,193                       | 100.00%                   |
| 2012               | 65,091,305        | 4,976,672                   | 60,114,633      | 57,543,371  | 95.72%                        | 2,571,262  | 60,114,633                       | 100.00%                   |
| 2011               | 63,144,763        | 4,970,526                   | 58,174,237      | 55,280,406  | 95.03%                        | 2,893,831  | 58,174,237                       | 100.00%                   |
| 2010               | 60,000,386        | 4,971,799                   | 55,028,587      | 51,313,750  | 93.25%                        | 2,419,215  | 53,732,965                       | 97.65%                    |

<sup>(1)</sup>Amount is net of penalties and discounts.

<sup>(2)</sup>Tax levy year is July 1 to December 31.

**SCHOOL DISTRICT OF LANCASTER**

**RATIOS OF OUTSTANDING DEBT BY TYPE - UNAUDITED**

Last ten fiscal years ending June 30,

| <u>Fiscal Year</u> | <u>Primary Government</u>       |                       |                                 |               | <u>Percentage of Personal Income<sup>(1)</sup></u> | <u>Per Capita<sup>(1)</sup></u> |
|--------------------|---------------------------------|-----------------------|---------------------------------|---------------|--|---------------------------------|
|                    | <u>General Obligation Bonds</u> | <u>Capital Leases</u> | <u>Collateralized Borrowing</u> | <u>Totals</u> |  |                                 |
| 2019               | \$154,284,417                   | \$1,535,167           | \$3,034,698                     | \$158,854,282 | 0.59%  | \$293                           |
| 2018               | 139,468,672                     | 787,345               | 3,135,400                       | 143,391,417   | 0.58%  | 264                             |
| 2017               | 144,929,608                     | 669,510               | 3,516,513                       | 149,115,631   | 0.60%  | 275                             |
| 2016               | 126,996,350                     | 1,281,463             | 3,879,832                       | 132,157,645   | 0.54%  | 243                             |
| 2015               | 133,441,372                     | 1,923,971             | 2,996,696                       | 138,362,039   | 0.57%  | 258                             |
| 2014               | 141,249,391                     | 971,423               | 3,230,833                       | 145,451,647   | 0.65%  | 273                             |
| 2013               | 148,659,000                     | 178,724               | 3,473,268                       | 152,310,992   | 0.70%  | 288                             |
| 2012               | 157,009,000                     | 480,417               | 3,894,143                       | 161,383,560   | 0.76%  | 306                             |
| 2011               | 130,415,000                     | 801,495               | 3,602,140                       | 134,818,635   | 0.69%  | 257                             |
| 2010               | 92,740,000                      | 1,436,522             | -                               | 94,176,522    | 0.50%  | 181                             |

<sup>(1)</sup>See the Schedule of Demographic and Economic Statistics for personal income and population data.

*Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements. There was no outstanding debt for the Business-Type Activities for the years shown.*

# SCHOOL DISTRICT OF LANCASTER

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>General Bonded Debt</u> | <u>Funds Restricted for Debt Service</u> | <u>Net General Bonded Debt</u> | <u>Percentage of Estimated Actual Taxable Value of Property<sup>(1)</sup></u> | <u>Per Capita<sup>(2)</sup></u> |
|--------------------|----------------------------|--|--------------------------------|---|---------------------------------|
| 2019               | \$154,284,417              | \$10,206,169                             | \$144,078,248                  | 3.98%   | 265                             |
| 2018               | 139,468,672                | 5,981,367                                | 133,487,305                    | 4.97%   | 246                             |
| 2017               | 144,929,608                | 2,928,016                                | 142,001,592                    | 5.29%   | 262                             |
| 2016               | 126,996,350                | 1,135,058                                | 125,861,292                    | 4.70%   | 232                             |
| 2015               | 133,441,372                | 35,945                                   | 133,405,427                    | 5.00%   | 249                             |
| 2014               | 141,249,391                | 25,148                                   | 141,224,243                    | 5.31%   | 265                             |
| 2013               | 148,659,000                | 14,150                                   | 148,644,850                    | 5.61%   | 281                             |
| 2012               | 157,009,000                | 5,587                                    | 157,003,413                    | 5.95%   | 298                             |
| 2011               | 130,415,000                | -  | 130,415,000                    | 5.00%   | 249                             |
| 2010               | 92,740,000                 | -  | 92,740,000                     | 3.58%   | 178                             |

<sup>(1)</sup>See the Schedule of Revenue base for Estimated Actual Taxable Value of property data.

<sup>(2)</sup>See the Schedule of Demographic and Economic Statistics for population data.

*Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.  
There was no outstanding debt for the Business-Type Activities for the years shown.*



# SCHOOL DISTRICT OF LANCASTER

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - UNAUDITED

June 30, 2019

| <u>Fiscal Year</u>                       | <u>General<br/>Obligation Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable to<br/>Government</u> | <u>Amount<br/>Applicable to<br/>Government</u> |
|--|--|--|--|
| <b>Direct Debt</b>                       |  |  |  |
| 2010 QCSB                                | \$ 30,000,000                                      | 100.00%  | \$ 30,000,000                                  |
| GOB Series 2011                          | 1,811,006  | 100.00%  | 1,811,006                                      |
| GOB Series 2011 - QSCB                   | 34,789,000   | 100.00%  | 34,789,000                                     |
| GOB Series of 2015                       | 9,325,000  | 100.00%  | 9,325,000                                      |
| GOB Series A of 2016                     | 22,951,775   | 100.00%  | 22,951,775                                     |
| GOB Series B of 2016                     | 25,705,957   | 100.00%  | 25,705,957                                     |
| GOB Series 2017                          | 9,025,000  | 100.00%  | 9,025,000                                      |
| GOB Series 2018                          | 10,046,371   | 100.00%  | 10,046,371                                     |
| GOB Series 2019                          | 10,630,308   | 100.00%  | 10,630,308                                     |
| 2015 Capital Lease                       | 72,243   | 100.00%  | 72,243   |
| 2018 Capital Lease                       | 298,090  | 100.00%  | 298,090  |
| 2018 Capital Lease                       | 1,164,834  | 100.00%  | 1,164,834                                      |
| Collateral Borrowing                     | <u>3,034,698</u>                                   | 100.00%  | <u>3,034,698</u>                               |
| <b>Total direct debt</b>                 | <u>158,854,282</u>                                 |  | <u>158,854,282</u>                             |
| <b>Overlapping debt<sup>(1)</sup></b>    |  |  |  |
| Lancaster County <sup>(2)</sup>          | 190,988,400  | 1.36%  | 2,600,858                                      |
| City of Lancaster                        | 72,144,200   | 100.00%  | 72,144,200                                     |
| Lancaster Township                       | <u>-</u>   | 100.00%  | <u>-</u>                                       |
| <b>Total overlapping debt</b>            | <u>263,132,600</u>                                 |  | <u>74,745,058</u>                              |
| <b>Total direct and overlapping debt</b> | <u>\$421,986,882</u>                               |  | <u>\$233,599,340</u>                           |

<sup>(1)</sup> Debt paid from taxes levied by municipal governments other than the District.

<sup>(2)</sup> The percentage of overlapping debt is based on total square miles for the City of Lancaster and Lancaster Township as a percentage of total Lancaster County area square miles.

*Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the school district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District of Lancaster. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.*

Source: Overlapping Municipality Finance Offices

# SCHOOL DISTRICT OF LANCASTER

## LEGAL DEBT MARGIN INFORMATION - UNAUDITED

*Last ten fiscal years ending June 30,  
(Amounts expressed in thousands)*

|   | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      |
| Debt limit  | \$486,168        | \$463,052        | \$442,523        | \$417,970        | \$404,687        | \$388,962        | \$379,455        | \$367,110        | \$358,247        | \$346,531        |
| Total net debt applicable to limit                                      | <u>154,284</u>   | <u>139,469</u>   | <u>144,930</u>   | <u>126,996</u>   | <u>133,441</u>   | <u>141,249</u>   | <u>148,659</u>   | <u>157,009</u>   | <u>130,415</u>   | <u>92,740</u>    |
| Legal debt margin   | <u>\$331,884</u> | <u>\$323,583</u> | <u>\$297,593</u> | <u>\$290,974</u> | <u>\$271,246</u> | <u>\$247,712</u> | <u>\$230,796</u> | <u>\$210,101</u> | <u>\$227,832</u> | <u>\$253,791</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 31.73%           | 30.12%           | 32.75%           | 30.38%           | 32.97%           | 36.31%           | 39.18%           | 42.77%           | 36.40%           | 26.76%           |
| Borrowing base revenues   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 2019  | \$222,221        |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 2018  | 215,743          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 2017  | <u>210,260</u>   |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Total revenues <sup>(1)</sup>   | <u>\$648,224</u> |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Average borrowing base (total revenues<br>divided by 3)                 | \$216,075        |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt limit percentage <sup>(2)</sup>                                    | <u>225%</u>      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt limit  | 486,168          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Outstanding Debt  | <u>154,284</u>   |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Legal debt margin   | <u>\$331,884</u> |                  |                  |                  |                  |                  |                  |                  |                  |                  |

<sup>(1)</sup>Total revenues and other financing sources less debt proceeds, transfers, interest in sinking funds, and other non-recurring items.

<sup>(2)</sup>Source: Local Government Unit Debt Act

# SCHOOL DISTRICT OF LANCASTER

## PRINCIPAL EMPLOYERS - LANCASTER AND SURROUNDING AREAS - UNAUDITED

### Current Year and Ten Years Ago

| <u>Taxpayer</u>   | <u>2018 Calendar Year</u> |             |                                       | <u>2009 Calendar Year</u> |             |                                       |
|---|---------------------------|-------------|---------------------------------------|---------------------------|-------------|---------------------------------------|
|   | <u>Employees</u>          | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u>          | <u>Rank</u> | <u>Percentage of Total Employment</u> |
| Lancaster General Hospital                                  | 8,802                     | 1           | 44.27%                                | 7,123                     | 1           | 29.98%                                |
| Dart Container Corporation                                  | 1,961                     | 2           | 9.86%                                 | 1,582                     | 8           | 6.66%                                 |
| County of Lancaster   | 1,907                     | 3           | 9.59%                                 | 2,110                     | 4           | 8.88%                                 |
| Nordstrom Inc.  | *                         | 4           |                                       | **                        |             |                                       |
| Masonic Villages  | 1,685                     | 5           | 8.47%                                 | 1,452                     | 9           | 6.11%                                 |
| School District of Lancaster                                | 1,662                     | 6           | 8.36%                                 | 1,643                     | 7           | 6.92%                                 |
| LSC Communications<br>(formerly RR Donnelley)               | *                         | 7           |                                       | 2,723                     | 2           | 11.46%                                |
| Manheim Remarketing Inc.<br>(formerly Manheim Auto Auction) | 1,223                     | 8           | 6.15%                                 | 2,165                     | 3           | 9.11%                                 |
| Lancaster Lebanon IU 13                                     | 1,266                     | 9           | 6.37%                                 | **                        |             |                                       |
| Willow Valley Retirement<br>Communities                     | 1,378                     | 10          | 6.93%                                 | **                        | 10          |                                       |
| Ephrata Community Hospital Inc.                             | **                        |             | N/A                                   | 1,906                     | 7           | 8.02%                                 |
| Armstrong World Industries Inc.                             | **                        |             | N/A                                   | 1,654                     | 7           | 6.96%                                 |
| Turkey Hill   | **                        |             | N/A                                   | 1,400                     | 8           | 5.89%                                 |
| <b>Total</b>  | <u>19,884</u>             |             | <u>100.00%</u>                        | <u>23,758</u>             |             | <u>100.00%</u>                        |

*Note: Only top 10 employers*

*\* Information is not available.*

*\*\* Company not included in top 10 ranking for the year.*

*Source: County of Lancaster Financial Report*

# SCHOOL DISTRICT OF LANCASTER

## DEMOGRAPHIC AND ECONOMIC STATISTICS - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>Population of County<sup>(1)</sup></u> | <u>Personal Income (Expressed in Thousands)<sup>(2)</sup></u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate - County<sup>(3)</sup></u> | <u>School Enrollment</u> |
|--------------------|---|---|-----------------------------------|---|--------------------------|
| 2019               | 542,903                                   | \$ 26,714,515   | \$49,207                          | 3.80%   | 11,085                   |
| 2018               | 542,903                                   | 24,684,347  | 45,839                            | 3.60%   | 11,213                   |
| 2017               | 542,903                                   | 24,684,347  | 45,839                            | 4.10%   | 11,336                   |
| 2016               | 542,903                                   | 24,684,347  | 45,839                            | 4.40%   | 11,164                   |
| 2015               | 536,624                                   | 24,145,511  | 44,995                            | 4.50%   | 11,256                   |
| 2014               | 533,320                                   | 22,245,595  | 41,712                            | 4.80%   | 10,746                   |
| 2013               | 529,600                                   | 21,774,881  | 41,116                            | 6.70%   | 10,795                   |
| 2012               | 526,823                                   | 21,119,188  | 40,088                            | 6.70%   | 10,457                   |
| 2011               | 523,594                                   | 19,653,012  | 37,535                            | 7.10%   | 10,579                   |
| 2010               | 520,316                                   | 18,921,587  | 36,366                            | 8.00%   | 11,972                   |

Note: We have used 2017 personal income and population information for both 2018 and 2019 since this information is unavailable from data source.

*Data Sources*

(1) US Census Bureau

(2) Bureau of Labor Statistics, US Department of Labor

(3) Bureau of Economic Analysis

# SCHOOL DISTRICT OF LANCASTER

## FULL-TIME EQUIVALENTS (FTE) EMPLOYEES - UNAUDITED

Last ten fiscal years ending June 30,

|                                  |                | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     | <u>2013</u>     | <u>2012</u>     | <u>2011</u>     | <u>2010</u>     |
|----------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Instruction                      | Certified      | 652.00          | 650.00          | 647.00          | 645.00          | 641.00          | 636.00          | 591.00          | 580.00          | 664.00          | 672.00          |
|                                  | Support        | 132.00          | 126.00          | 126.00          | 126.00          | 119.00          | 118.00          | 118.00          | 118.00          | 118.00          | 118.00          |
| Special Programs                 | Certified      | 180.00          | 178.00          | 176.00          | 176.00          | 166.00          | 163.00          | 162.00          | 159.00          | 182.00          | 184.00          |
|                                  | Support        | 156.00          | 150.00          | 150.00          | 150.00          | 141.00          | 145.00          | 167.00          | 170.00          | 166.00          | 173.00          |
| Vocational                       | Certified      | 11.00           | 11.00           | 11.00           | 10.00           | 10.00           | 10.00           | 10.00           | 10.00           | 11.00           | 11.00           |
| Other Instructional              | Certified      | 3.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            |
|                                  | Support        | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            |
| Pre-Kindergarten                 | Certified      | 23.00           | 22.00           | 22.00           | 20.00           | 21.00           | 20.00           | 20.00           | 20.00           | 22.00           | 23.00           |
|                                  | Support        | 21.00           | 21.00           | 21.00           | 20.00           | 20.00           | 24.00           | 23.00           | 24.00           | 23.00           | 24.00           |
| Student Support                  | Certified      | 52.00           | 52.00           | 52.00           | 54.00           | 54.00           | 53.00           | 52.00           | 51.00           | 59.00           | 60.00           |
|                                  | Support        | 14.00           | 11.00           | 11.00           | 10.00           | 10.00           | 12.00           | 12.00           | 12.00           | 12.00           | 13.00           |
|                                  | Administrative | 46.00           | 41.00           | 41.00           | 28.00           | 21.00           | 21.00           | 21.00           | 21.00           | 21.00           | 21.00           |
| Instructional Support            | Certified      | 34.00           | 33.00           | 31.00           | 31.00           | 31.00           | 30.00           | 30.00           | 29.00           | 34.00           | 34.00           |
|                                  | Support        | 17.00           | 16.00           | 16.00           | 15.00           | 15.00           | 18.00           | 18.00           | 18.00           | 18.00           | 18.00           |
|                                  | Administrative | 21.00           | 19.00           | 19.00           | 17.00           | 16.00           | 14.00           | 14.00           | 15.00           | 15.00           | 17.00           |
| Administrative                   | Support        | 44.00           | 44.00           | 44.00           | 42.00           | 41.00           | 49.00           | 49.00           | 50.00           | 49.00           | 51.00           |
|                                  | Administrative | 56.00           | 51.00           | 51.00           | 48.00           | 48.00           | 44.00           | 44.00           | 43.00           | 41.00           | 45.00           |
| Pupil Health                     | Certified      | 11.00           | 12.00           | 12.00           | 11.00           | 11.00           | 11.00           | 11.00           | 11.00           | 12.00           | 12.00           |
|                                  | Support        | 24.00           | 24.00           | 24.00           | 23.00           | 23.00           | 27.00           | 27.00           | 27.00           | 27.00           | 28.00           |
|                                  | Administrative | 1.00            | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Business Services                | Support        | 5.00            | 5.00            | 5.00            | 5.00            | 5.00            | 6.00            | 6.00            | 6.00            | 6.00            | 6.00            |
|                                  | Administrative | 11.00           | 11.00           | 11.00           | 10.00           | 9.00            | 8.00            | 8.00            | 9.00            | 9.00            | 10.00           |
| Operation & Maintenance Services | Support        | 15.00           | 15.00           | 14.00           | 14.00           | 101.00          | 101.00          | 101.00          | 101.00          | 101.00          | 101.00          |
|                                  | Administrative | 3.00            | 3.00            | 3.00            | 3.00            | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 3.00            |
| Transportation                   | Support        | 7.00            | 8.00            | 8.00            | 8.00            | 8.00            | 9.00            | 9.00            | 9.00            | 9.00            | 9.00            |
|                                  | Administrative | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 1.00            | 2.00            | 2.00            | 2.00            | 2.00            |
| Central Support                  | Support        | 9.00            | 8.00            | 8.00            | 8.00            | 8.00            | 9.00            | 9.00            | 9.00            | 9.00            | 9.00            |
|                                  | Administrative | 31.00           | 27.00           | 27.00           | 24.00           | 22.00           | 20.00           | 20.00           | 21.00           | 22.00           | 24.00           |
| Food Services                    | Support        | 72.00           | 69.00           | 69.00           | 69.00           | 65.00           | 65.00           | 65.00           | 65.00           | 65.00           | 65.00           |
|                                  | Administrative | 5.00            | 5.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            | 4.00            |
| Student Activities               | Support        | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            |
|                                  | Administrative | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 2.00            | 3.00            |
| <b>Total Staff</b>               |                | <u>1,662.00</u> | <u>1,622.00</u> | <u>1,613.00</u> | <u>1,581.00</u> | <u>1,622.00</u> | <u>1,628.00</u> | <u>1,603.00</u> | <u>1,594.00</u> | <u>1,711.00</u> | <u>1,746.00</u> |

Source: School District of Lancaster, Office of Human Resources

# SCHOOL DISTRICT OF LANCASTER

## EXPENDITURES BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,  
(Expressed in thousands)

| <u>Function</u>              | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Regular programs             | \$ 86,559   | \$ 84,058   | \$ 81,166   | \$ 77,387   | \$ 75,851   | \$ 72,662   | \$ 68,870   | \$ 64,305   | \$ 68,033   | \$ 66,001   |
|                              | 38.34%      | 38.10%      | 38.24%      | 40.17%      | 40.18%      | 39.92%      | 39.38%      | 39.10%      | 41.60%      | 41.71%      |
| Special programs             | 32,989      | 30,477      | 28,685      | 26,393      | 25,539      | 25,483      | 24,148      | 23,760      | 23,528      | 21,717      |
|                              | 14.61%      | 13.82%      | 13.51%      | 13.70%      | 13.53%      | 14.00%      | 13.81%      | 14.45%      | 14.39%      | 13.72%      |
| Vocational programs          | 2,305       | 2,152       | 1,772       | 1,925       | 2,020       | 1,877       | 1,839       | 2,013       | 2,214       | 2,089       |
|                              | 1.02%       | 0.98%       | 0.83%       | 1.00%       | 1.07%       | 1.03%       | 1.05%       | 1.22%       | 1.35%       | 1.32%       |
| Other instructional programs | 8,619       | 8,533       | 8,383       | 8,400       | 8,263       | 8,175       | 8,719       | 7,877       | 6,192       | 6,216       |
|                              | 3.82%       | 3.87%       | 3.95%       | 4.36%       | 4.38%       | 4.49%       | 4.99%       | 4.79%       | 3.79%       | 3.93%       |
| Adult education programs     | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
|                              | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Community College programs   | 81          | 90          | 46          | 38          | 84          | 54          | 61          | 57          | 69          | 60          |
|                              | 0.04%       | 0.04%       | 0.02%       | 0.02%       | 0.04%       | 0.03%       | 0.03%       | 0.03%       | 0.04%       | 0.04%       |
| Pre-kindergarten programs    | 5,145       | 5,441       | 5,099       | 4,455       | 3,898       | 3,480       | 3,443       | 3,675       | 3,900       | 3,931       |
|                              | 2.28%       | 2.47%       | 2.40%       | 2.31%       | 2.06%       | 1.91%       | 1.97%       | 2.23%       | 2.38%       | 2.48%       |
| Pupil personnel services     | 12,132      | 11,525      | 10,405      | 9,322       | 7,761       | 7,340       | 7,298       | 6,598       | 7,029       | 7,209       |
|                              | 5.37%       | 5.22%       | 4.90%       | 4.84%       | 4.11%       | 4.03%       | 4.17%       | 4.01%       | 4.30%       | 4.56%       |
| Instructional staff services | 13,812      | 11,217      | 11,050      | 8,452       | 7,458       | 6,678       | 7,126       | 6,759       | 6,602       | 7,136       |
|                              | 6.12%       | 5.08%       | 5.21%       | 4.39%       | 3.95%       | 3.67%       | 4.07%       | 4.11%       | 4.04%       | 4.51%       |
| Administrative services      | 12,216      | 11,316      | 11,618      | 10,588      | 10,117      | 9,459       | 8,987       | 8,568       | 8,868       | 8,342       |
|                              | 5.41%       | 5.13%       | 5.47%       | 5.50%       | 5.36%       | 5.20%       | 5.14%       | 5.21%       | 5.42%       | 5.27%       |
| Pupil health                 | 2,599       | 2,539       | 2,441       | 2,483       | 2,300       | 2,134       | 2,034       | 1,946       | 1,852       | 1,879       |
|                              | 1.15%       | 1.15%       | 1.15%       | 1.29%       | 1.22%       | 1.17%       | 1.16%       | 1.18%       | 1.13%       | 1.19%       |
| Business services            | 3,496       | 3,241       | 3,141       | 3,172       | 3,227       | 2,836       | 2,506       | 2,492       | 2,362       | 2,339       |
|                              | 1.55%       | 1.47%       | 1.48%       | 1.65%       | 1.71%       | 1.56%       | 1.43%       | 1.52%       | 1.44%       | 1.48%       |

Notes:

The totals on percentages may not equal an even 100% due to rounding.

These amounts represent expenditures of the General Fund only.

Source: District Records

continued on next page

# SCHOOL DISTRICT OF LANCASTER

## EXPENDITURES BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,  
(Expressed in thousands)

| <u>Function</u>                              | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       | <u>2013</u>       | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operation and maintenance of plant services: | 14,516            | 14,916            | 12,496            | 11,976            | 11,894            | 12,881            | 11,088            | 10,150            | 10,949            | 10,344            |
|  | 6.43%             | 6.76%             | 5.89%             | 6.22%             | 6.30%             | 7.08%             | 6.34%             | 6.17%             | 6.69%             | 6.54%             |
| Student transportation services              | 5,626             | 4,911             | 4,558             | 4,317             | 4,427             | 4,232             | 4,095             | 3,484             | 2,848             | 2,554             |
|  | 2.49%             | 2.23%             | 2.15%             | 2.24%             | 2.35%             | 2.32%             | 2.34%             | 2.12%             | 1.74%             | 1.61%             |
| Central support services                     | 5,418             | 5,255             | 4,842             | 4,252             | 5,065             | 4,226             | 3,190             | 3,165             | 3,189             | 3,917             |
|  | 2.40%             | 2.38%             | 2.28%             | 2.21%             | 2.68%             | 2.32%             | 1.82%             | 1.92%             | 1.95%             | 2.48%             |
| Other support services                       | 45                | 45                | 45                | 44                | 44                | 43                | 84                | 132               | 111               | 114               |
|  | 0.02%             | 0.02%             | 0.02%             | 0.02%             | 0.02%             | 0.02%             | 0.05%             | 0.08%             | 0.07%             | 0.07%             |
| Student activities                           | 2,008             | 2,092             | 2,089             | 1,861             | 1,813             | 1,691             | 1,598             | 1,653             | 1,676             | 413               |
|  | 0.89%             | 0.95%             | 0.98%             | 0.97%             | 0.96%             | 0.93%             | 0.91%             | 1.00%             | 1.02%             | 0.26%             |
| Community services                           | 519               | 626               | 556               | 651               | 473               | 476               | 496               | 544               | 684               | 639               |
|  | 0.23%             | 0.28%             | 0.26%             | 0.34%             | 0.25%             | 0.26%             | 0.28%             | 0.33%             | 0.42%             | 0.40%             |
| Scholarships and awards                      | -                 | 365               | 283               | 221               | 221               | 228               | 436               |                   | 38                | 38                |
|  | 0.00%             | 0.17%             | 0.13%             | 0.11%             | 0.12%             | 0.13%             | 0.25%             | 0.00%             | 0.02%             | 0.02%             |
| Debt service                                 | 14,519            | 14,602            | 15,715            | 15,472            | 17,907            | 18,063            | 18,859            | 17,281            | 13,155            | 11,214            |
|  | 6.43%             | 6.62%             | 7.40%             | 8.03%             | 9.49%             | 9.92%             | 10.78%            | 10.51%            | 8.04%             | 7.09%             |
| Transfers to other funds                     | 3,172             | 7,204             | 7,875             | 1,221             | 427               | 10                | 10                | 5                 | 247               | 2,081             |
|  | 1.41%             | 3.27%             | 3.71%             | 0.63%             | 0.23%             | 0.01%             | 0.01%             | 0.00%             | 0.15%             | 1.32%             |
| <b>Total</b>                                 | <b>\$ 225,778</b> | <b>\$ 220,601</b> | <b>\$ 212,266</b> | <b>\$ 192,630</b> | <b>\$ 188,790</b> | <b>\$ 182,025</b> | <b>\$ 174,885</b> | <b>\$ 164,464</b> | <b>\$ 163,546</b> | <b>\$ 158,231</b> |
| October 1 pupil count                        | 11,085            | 11,213            | 11,366            | 11,164            | 11,256            | 10,746            | 10,795            | 10,457            | 10,579            | 11,972            |
| Average expenditures per pupil               | \$ 20,368         | \$ 19,674         | \$ 18,725         | \$ 17,255         | \$ 16,772         | \$ 16,939         | \$ 16,201         | \$ 15,728         | \$ 15,460         | \$ 13,217         |

**Notes:**

The totals on percentages may not equal an even 100% due to rounding.

These amounts represent expenditures of the General Fund only.

Source: District Records

# SCHOOL DISTRICT OF LANCASTER

## COST PER STUDENT BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,

| <u>Function</u>              | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Regular Programs             | \$ 7,720    | \$ 7,496    | \$ 7,160    | \$ 6,932    | \$ 6,739    | \$ 6,481    | \$ 6,156    | \$ 5,859    | \$ 6,071    | \$ 5,513    |
|                              | 38.34%      | 38.10%      | 38.24%      | 40.17%      | 40.18%      | 39.92%      | 39.38%      | 39.10%      | 41.60%      | 41.71%      |
| Special Programs             | 2,942       | 2,718       | 2,530       | 2,364       | 2,269       | 2,273       | 2,158       | 2,165       | 2,100       | 1,814       |
|                              | 14.61%      | 13.82%      | 13.51%      | 13.70%      | 13.53%      | 14.00%      | 13.81%      | 14.45%      | 14.39%      | 13.72%      |
| Vocational Programs          | 206         | 192         | 156         | 172         | 179         | 167         | 164         | 183         | 198         | 174         |
|                              | 1.02%       | 0.98%       | 0.83%       | 1.00%       | 1.07%       | 1.03%       | 1.05%       | 1.22%       | 1.35%       | 1.32%       |
| Other Instructional Programs | 769         | 761         | 739         | 752         | 734         | 729         | 779         | 718         | 553         | 519         |
|                              | 3.82%       | 3.87%       | 3.95%       | 4.36%       | 4.38%       | 4.49%       | 4.99%       | 4.79%       | 3.79%       | 3.93%       |
| Adult Education Programs     | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
|                              | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Community College Programs   | 7           | 8           | 4           | 3           | 7           | 5           | 5           | 5           | 6           | 5           |
|                              | 0.04%       | 0.04%       | 0.02%       | 0.02%       | 0.04%       | 0.03%       | 0.03%       | 0.03%       | 0.04%       | 0.04%       |
| Pre-kindergarten Programs    | 459         | 485         | 450         | 399         | 346         | 310         | 308         | 335         | 348         | 328         |
|                              | 2.28%       | 2.47%       | 2.40%       | 2.31%       | 2.06%       | 1.91%       | 1.97%       | 2.23%       | 2.38%       | 2.48%       |
| Pupil Personnel Services     | 1,082       | 1,028       | 918         | 835         | 690         | 655         | 652         | 601         | 627         | 602         |
|                              | 5.37%       | 5.22%       | 4.90%       | 4.84%       | 4.11%       | 4.03%       | 4.17%       | 4.01%       | 4.30%       | 4.56%       |
| Instructional Staff Services | 1,232       | 1,000       | 975         | 757         | 663         | 596         | 637         | 616         | 589         | 596         |
|                              | 6.12%       | 5.08%       | 5.21%       | 4.39%       | 3.95%       | 3.67%       | 4.07%       | 4.11%       | 4.04%       | 4.51%       |
| Administrative Services      | 1,089       | 1,009       | 1,025       | 948         | 899         | 844         | 803         | 781         | 791         | 697         |
|                              | 5.41%       | 5.13%       | 5.47%       | 5.50%       | 5.36%       | 5.20%       | 5.14%       | 5.21%       | 5.42%       | 5.27%       |
| Pupil Health                 | 232         | 226         | 215         | 222         | 204         | 190         | 182         | 177         | 165         | 157         |
|                              | 1.15%       | 1.15%       | 1.15%       | 1.29%       | 1.22%       | 1.17%       | 1.16%       | 1.18%       | 1.13%       | 1.19%       |
| Business Services            | 312         | 289         | 277         | 284         | 287         | 253         | 224         | 227         | 211         | 195         |
|                              | 1.55%       | 1.47%       | 1.48%       | 1.65%       | 1.71%       | 1.56%       | 1.43%       | 1.52%       | 1.44%       | 1.48%       |

Note: These amounts represent expenditures of the General Fund only.

Source: District Records

continued on next page



# SCHOOL DISTRICT OF LANCASTER

## COST PER STUDENT BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,

| <u>Function</u>                             | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operation and maintenance of plant service: | 1,310            | 1,330            | 1,102            | 1,073            | 1,057            | 1,149            | 991              | 925              | 977              | 864              |
|   | 6.43%            | 6.76%            | 5.89%            | 6.22%            | 6.30%            | 7.08%            | 6.34%            | 6.17%            | 6.69%            | 6.54%            |
| Student Transportation Services             | 508              | 438              | 402              | 387              | 393              | 377              | 366              | 317              | 254              | 213              |
|   | 2.49%            | 2.23%            | 2.15%            | 2.24%            | 2.35%            | 2.32%            | 2.34%            | 2.12%            | 1.74%            | 1.61%            |
| Central Support Services                    | 489              | 469              | 427              | 381              | 450              | 377              | 285              | 288              | 285              | 327              |
|   | 2.40%            | 2.38%            | 2.28%            | 2.21%            | 2.68%            | 2.32%            | 1.82%            | 1.92%            | 1.95%            | 2.48%            |
| Other Support Services                      | 4                | 4                | 4                | 4                | 4                | 4                | 8                | 12               | 10               | 9                |
|   | 0.02%            | 0.02%            | 0.02%            | 0.02%            | 0.02%            | 0.02%            | 0.05%            | 0.08%            | 0.07%            | 0.07%            |
| Student Activities                          | 181              | 187              | 184              | 167              | 161              | 151              | 143              | 151              | 150              | 34               |
|   | 0.89%            | 0.95%            | 0.98%            | 0.97%            | 0.96%            | 0.93%            | 0.91%            | 1.00%            | 1.02%            | 0.26%            |
| Community Services                          | 47               | 56               | 49               | 58               | 42               | 42               | 44               | 50               | 61               | 53               |
|   | 0.23%            | 0.28%            | 0.26%            | 0.34%            | 0.25%            | 0.26%            | 0.28%            | 0.33%            | 0.42%            | 0.40%            |
| Scholarships and Awards                     | -                | 33               | 25               | 20               | 20               | 20               | 39               | -                | 3                | 3                |
|   | 0.00%            | 0.17%            | 0.13%            | 0.11%            | 0.12%            | 0.13%            | 0.25%            | 0.00%            | 0.02%            | 0.02%            |
| Debt Service                                | 1,310            | 1,302            | 1,386            | 1,386            | 1,591            | 1,611            | 1,686            | 1,575            | 1,174            | 937              |
|   | 6.43%            | 6.62%            | 7.40%            | 8.03%            | 9.49%            | 9.92%            | 10.78%           | 10.51%           | 8.04%            | 7.09%            |
| Transfers to Other Funds                    | 286              | 642              | 695              | 109              | 38               | 1                | 1                | 0                | 22               | 174              |
|   | 1.41%            | 3.27%            | 3.71%            | 0.63%            | 0.23%            | 0.01%            | 0.01%            | 0.00%            | 0.15%            | 1.32%            |
| <b>Total</b>                                | <b>\$ 20,368</b> | <b>\$ 19,674</b> | <b>\$ 18,725</b> | <b>\$ 17,255</b> | <b>\$ 16,772</b> | <b>\$ 16,236</b> | <b>\$ 15,632</b> | <b>\$ 14,985</b> | <b>\$ 14,595</b> | <b>\$ 13,217</b> |
| October 1 Pupil Count                       | 11,085           | 11,213           | 11,336           | 11,164           | 11,256           | 10,746           | 10,795           | 10,457           | 10,579           | 11,972           |
| Average Expenditures Per Pupil              | \$ 20,368        | \$ 19,674        | \$ 18,725        | \$ 17,255        | \$ 16,772        | \$ 16,939        | \$ 16,201        | \$ 15,728        | \$ 15,460        | \$ 13,217        |

Notes:

The totals on percentages may not equal an even 100.00% due to rounding.

These amounts represent expenditures of the General Fund only.

Source: District Records

# SCHOOL DISTRICT OF LANCASTER

## CAPITAL ASSET INFORMATION - UNAUDITED

| <u>Building</u>  | <u>Original Construction/<br/>Purchase</u> | <u>Additions/<br/>Renovations</u> | <u>Square Footage</u> | <u>Building Capacity</u> | <u>2018-2019 Enrollment</u> | <u>Percentage of Capacity Used*</u> |
|--|--|-----------------------------------|-----------------------|--------------------------|-----------------------------|-------------------------------------|
| <b><u>Elementary Schools</u></b>   |  |                                   |                       |                          |                             |                                     |
| Buchanan<br>340 South West End Avenue<br>Lancaster, PA 17602-5080        | 1929                                       | 1955                              | 44,244                | 425                      | 374                         | 88%                                 |
| Burrowes<br>1001 East Orange Street<br>Lancaster, PA 17602-3215          | 1954                                       | 1970, 1988                        | 39,585                | 370                      | 362                         | 98%                                 |
| Carter and MacRae<br>251 South Prince Street<br>Lancaster, PA 17603-5396 | 1840                                       | 1988                              | 142,000               | 625                      | 394                         | 63%                                 |
| Fulton<br>225 West Orange Street<br>Lancaster, PA 17603-3782             | 1918                                       | 2013                              | 75,072                | 500                      | 423                         | 85%                                 |
| Hamilton<br>1300 Wabank Road<br>Lancaster, PA 17603-6849                 | 1964                                       | 1989                              | 55,525                | 350                      | 444                         | 127%                                |
| King<br>466 Rockland Street<br>Lancaster, PA 17602-4212                  | 1966                                       |                                   | 66,000                | 645                      | 476                         | 74%                                 |
| Lafayette<br>1000 Fremont Street<br>Lancaster, PA 17603-5426             | 1951                                       | 2010                              | 72,000                | 500                      | 529                         | 106%                                |
| Price<br>615 Fairview Avenue<br>Lancaster, PA 17603-5877                 | 1973                                       |                                   | 63,116                | 500                      | 517                         | 103%                                |
| Ross<br>840 North Queen Street<br>Lancaster, PA 17603-2750               | 1924                                       | 2010                              | 38,390                | 370                      | 315                         | 85%                                 |
| Washington<br>545 South Ann Street<br>Lancaster, PA 17602-4551           | 1934                                       | 2010                              | 64,382                | 600                      | 550                         | 92%                                 |
| Wharton<br>705 North Mary Street<br>Lancaster, PA 17603-2889             | 1895                                       | 2010                              | 24,459                | 340                      | 353                         | 104%                                |
| Wickersham<br>401 North Reservoir Street<br>Lancaster, PA 17602-2447     | 1929                                       | 1953                              | 55,422                | 450                      | 431                         | 96%                                 |
| <b><u>K-8 School</u></b>   |  |                                   |                       |                          |                             |                                     |
| Martin<br>2000 Wabank Road<br>Lancaster, PA 17603-6433                   | 1959                                       | 2014                              | 88,000                | 620                      | 729                         | 118%                                |
| <b><u>Middle Schools</u></b>   |  |                                   |                       |                          |                             |                                     |
| Hand<br>431 South Ann Street<br>Lancaster, PA 17602-4542                 | 1924                                       | 1928, 2013                        | 114,887               | 498                      | 539                         | 108%                                |

# SCHOOL DISTRICT OF LANCASTER

## CAPITAL ASSET INFORMATION - UNAUDITED

| <b><u>Building</u></b>   | <b><u>Original Construction/<br/>Purchase</u></b> | <b><u>Additions/<br/>Renovations</u></b> | <b><u>Square Footage</u></b> | <b><u>Building Capacity</u></b> | <b><u>2018-2019 Enrollment</u></b> | <b><u>Percentage of Capacity Used*</u></b> |
|--|---|--|------------------------------|---------------------------------|------------------------------------|--|
| Lincoln<br>1001 Lehigh Avenue<br>Lancaster, PA 17602-2450  | 1962  | 1986                                     | 137,664                      | 520                             | 474                                | 91%  |
| Robert D. Scheffey Building<br>(Lincoln Annex - 6th Grade)<br>1020 Lehigh Avenue<br>Lancaster, PA 17602-2452 | 1985  | 2010                                     | 33,828                       | 210                             | 200                                | 95%  |
| Reynolds<br>605 West Walnut Street<br>Lancaster, PA 17603-3383   | 1929  |  | 96,000                       | 576                             | 509                                | 88%  |
| Wheatland<br>919 Hamilton Park Drive<br>Lancaster, PA 17603-4914   | 1955  | 1961, 1989                               | 92,675                       | 781                             | 585                                | 75%  |
| <b><u>Alternative Education</u></b>  |   |  |                              |                                 |                                    |  |
| Buehrle Academy<br>426 East Clay Street<br>Lancaster, PA 17602-2154  | 1895  | 2007                                     | 18,132                       | 135                             | 44                                 | 33%  |
| Phoenix Academy<br>630 Rockland Street<br>Lancaster, PA 17602-4524   | 1975  | 1995                                     | 47,227                       | 348                             | 320                                | 92%  |
| <b><u>Other Education</u></b>  |   |  |                              |                                 |                                    |  |
| Rockland Center<br>600 Rockland Street<br>Lancaster, PA 17602-4507   | 2010  |  | 37,414                       | 450                             | 75                                 | 17%  |
| Duke and Dauphin<br>335 Dauphin Street<br>Lancaster, PA 17602-4507   | 2010  |  | 9,786                        | 100                             | 0                                  | 0%   |
| <b><u>High School</u></b>  |   |  |                              |                                 |                                    |  |
| J.P. McCaskey<br>445 North Reservoir Street<br>Lancaster, PA 17602-2447                                      | 1939  | 1974, 1997                               | 308,000                      | 1,745                           | 1,381                              | 79%  |
| McCaskey East<br>1051 Lehigh Avenue<br>Lancaster, PA 17602-2457  | 1996  |  | 290,000                      | 1,565                           | 1,353                              | 86%  |
| <b><u>Administration</u></b>   |   |  |                              |                                 |                                    |  |
| Carter and MacRae -<br>3rd and 4th floors<br>251 South Prince Street<br>Lancaster, PA 17603-5396             | 1840  | 2011                                     | NA                           | NA                              | 95                                 | NA   |

\* - Amounts in excess of 100% are due to students who are educated in offsite facilities not owned by the District but are reported as members of the respective school population.

Source: Building enrollment site list, Feasibility Study Update, January 2016

# SCHOOL DISTRICT OF LANCASTER

## FREE AND REDUCED LUNCH PARTICIPATION - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>Number of Students</u> | <u>Free</u> | <u>Reduced</u> | <u>Percent Free and Reduced</u> |
|--------------------|---------------------------|-------------|----------------|---------------------------------|
| 2019               | 11,085                    | 8,979       | 1,090          | 90.83%                          |
| 2018               | 11,213                    | 9,082       | 1,051          | 90.37%                          |
| 2017               | 11,336                    | 9,182       | 1,080          | 90.53%                          |
| 2016               | 11,164                    | 9,043       | 1,084          | 87.70%                          |
| 2015               | 11,256                    | 8,846       | 1,025          | 87.70%                          |
| 2014               | 10,746                    | 7,993       | 1,078          | 84.41%                          |
| 2013               | 10,795                    | 8,152       | 1,068          | 85.41%                          |
| 2012               | 10,457                    | 7,996       | 1,048          | 86.49%                          |
| 2011               | 10,579                    | 8,163       | 1,069          | 87.27%                          |
| 2010               | 11,972                    | 8,200       | 1,132          | 77.95%                          |

Source: October School Lunch Program Claim Reports & Certification Statement

# SCHOOL DISTRICT OF LANCASTER

## STUDENT/TEACHER RATIO - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>Number of Students</u> | <u>Number of Teachers</u> | <u>Ratio of Number of Students to Teacher</u> |
|--------------------|---------------------------|---------------------------|---|
| 2019               | 11,085                    | 966                       | 11  |
| 2018               | 11,213                    | 962                       | 12  |
| 2017               | 11,336                    | 955                       | 12  |
| 2016               | 11,164                    | 951                       | 12  |
| 2015               | 11,256                    | 938                       | 12  |
| 2014               | 10,746                    | 927                       | 12  |
| 2013               | 10,795                    | 880                       | 12  |
| 2012               | 10,457                    | 864                       | 12  |
| 2011               | 10,579                    | 989                       | 11  |
| 2010               | 11,972                    | 1,000                     | 12  |

*Student and teacher counts are as of October 1 of the school year.*

*Source: Building enrollment site list & Human Resources*

# SCHOOL DISTRICT OF LANCASTER

## TEACHER INFORMATION BY LEVEL - UNAUDITED

Last ten fiscal years ending June 30,

| <u>Fiscal Year</u> | <u>Bachelor's</u> | <u>Bachelor's +8</u> | <u>Bachelor's +16</u> | <u>Bachelor's +24</u> | <u>Master's</u> | <u>Master's +15</u> | <u>Master's +30</u> | <u>Master's +45</u> | <u>Doctorate</u> | <u>Total</u> |
|--------------------|-------------------|----------------------|-----------------------|-----------------------|-----------------|---------------------|---------------------|---------------------|------------------|--------------|
| 2019               | 139               | N/A                  | 27                    | 227                   | 373             | 85                  | 45                  | 64                  | 6                | 966          |
| 2018               | 135               | N/A                  | 47                    | 288                   | 338             | 74                  | 35                  | 38                  | 7                | 962          |
| 2017               | 138               | N/A                  | 23                    | 253                   | 372             | 74                  | 44                  | 44                  | 7                | 955          |
| 2016               | 129               | N/A                  | 15                    | 289                   | 351             | 84                  | 41                  | 35                  | 7                | 951          |
| 2015               | 140               | 12                   | 13                    | 266                   | 348             | 84                  | 34                  | 36                  | 5                | 938          |
| 2014               | 120               | 14                   | 17                    | 277                   | 342             | 78                  | 38                  | 34                  | 7                | 927          |
| 2013               | 79                | 19                   | 27                    | 275                   | 327             | 75                  | 38                  | 36                  | 4                | 880          |
| 2012               | 94                | 16                   | 21                    | 260                   | 327             | 74                  | 31                  | 34                  | 7                | 864          |
| 2011               | 136               | 28                   | 29                    | 314                   | 334             | 71                  | 32                  | 40                  | 5                | 989          |
| 2010               | 153               | 37                   | 36                    | 308                   | 330             | 67                  | 30                  | 37                  | 4                | 1,000        |

Source: School District of Lancaster, Office of Human Resources

# SCHOOL DISTRICT OF LANCASTER

## TEACHER SALARY INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>Minimum Base Salary<sup>(1)</sup></u> | <u>Average Base Salary</u> | <u>Maximum Base Salary<sup>(2)</sup></u> |
|--------------------|--|----------------------------|--|
| 2019               | \$51,027                                 | \$67,087                   | \$89,148                                 |
| 2018               | 50,000                                   | 65,248                     | 88,121                                   |
| 2017               | 48,275                                   | 61,967                     | 84,395                                   |
| 2016               | 46,551                                   | 59,900                     | 83,223                                   |
| 2015               | 44,823                                   | 62,392                     | 79,961                                   |
| 2014               | 43,319                                   | 61,040                     | 78,761                                   |
| 2013               | 43,319                                   | 61,040                     | 78,761                                   |
| 2012               | 43,319                                   | 61,040                     | 78,761                                   |
| 2011               | 43,319                                   | 61,040                     | 78,761                                   |
| 2010               | 41,467                                   | 59,380                     | 77,293                                   |

*Notes:*

(1) The minimum salary represents the minimum amount a District teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the Lancaster Education Association of the School District of Lancaster contract agreement. The minimum starting wage has seven different levels dependent on level of education attained:

- Level 1: Bachelor's Degree
- Level 2: Bachelor's Degree + 16 Credits
- Level 3: Bachelor's Degree + 24 Credits
- Level 4: Master's Degree
- Level 5: Master's Degree + 15 Credits
- Level 6: Master's Degree + 30 Credits
- Level 7: Master's Degree + 45 Credits
- Level 8: Doctorate

(2) The maximum salary represents the maximum amount a District teacher with a doctoral degree may earn for regular classroom instruction during the school year according to the Lancaster Education of the School District of Lancaster contract agreement. The maximum salary for each level (Level 1 through Level 8) is reached in 13 years. Maximum salary excludes pension and hospitalization benefits. No longevity pay is added to teachers who have exceeded the 13 year maximum on the pay scale.

*Source: School District of Lancaster, Salary Schedules*

# SCHOOL DISTRICT OF LANCASTER

## BANK DEPOSIT INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

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| <u>Fiscal Year</u> | <u>FDIC Insured Institutions</u> | <u>Government Investment Pools</u> | <u>Total</u> |
|--------------------|----------------------------------|------------------------------------|--------------|
| 2019               | \$18,224,253                     | \$59,259,886                       | \$77,484,139 |
| 2018               | 8,514,831                        | 13,065,935                         | 21,580,766   |
| 2017               | 15,475,250                       | 6,893,090                          | 22,368,340   |
| 2016               | 20,593,871                       | 8,162,785                          | 28,756,656   |
| 2015               | 11,285,580                       | 33,027,255                         | 44,312,835   |
| 2014               | 18,105,707                       | 25,751,482                         | 43,857,189   |
| 2013               | 13,596,609                       | 46,266,702                         | 59,863,311   |
| 2012               | 28,351,387                       | 58,809,429                         | 87,160,816   |
| 2011               | 25,486,531                       | 50,255,753                         | 75,742,284   |
| 2010               | 16,492,557                       | 29,232,153                         | 45,724,710   |

*Notes:*

FDIC insured institutions include school board approved depositories.

Government investment pools include Pennsylvania School District Liquid Asset Fund (PSDLAF)



# SCHOOL DISTRICT OF LANCASTER

## MISCELLANEOUS STATISTICS - UNAUDITED

June 30, 2019

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Tax rates of the Lancaster County Schools

| <b><u>School District</u></b>       | <b><u>Total Taxable<br/>Assessed Value</u></b> | <b><u>Millage</u></b> |
|-------------------------------------|--|-----------------------|
| Cocalico                            | 1,890,974,400                                  | 18.6935               |
| Columbia Borough                    | 427,430,100                                    | 25.8163               |
| Conestoga Valley                    | 3,467,339,100                                  | 16.4000               |
| Donegal                             | 1,615,644,300                                  | 18.1670               |
| Eastern Lancaster                   | 2,740,258,800                                  | 12.3854               |
| Elizabethtown Area                  | 2,149,925,100                                  | 16.3711               |
| Ephrata Area                        | 2,453,158,700                                  | 16.9500               |
| Hempfield                           | 4,798,045,700                                  | 16.0340               |
| Lampeter-Strasburg                  | 2,171,850,300                                  | 16.4400               |
| Manheim Central                     | 2,333,957,800                                  | 14.3317               |
| Manheim Township                    | 4,301,823,700                                  | 15.1138               |
| Octorara (Lancaster County portion) | 301,125,400                                    | 25.3500               |
| Penn Manor                          | 3,130,134,800                                  | 14.3317               |
| Pequea Valley                       | 1,691,612,100                                  | 16.4000               |
| Solanco                             | 2,438,346,000                                  | 10.4590               |
| Warwick                             | 2,737,469,300                                  | 16.3711               |

Source: Lancaster County Tax Collector Department

# SCHOOL DISTRICT OF LANCASTER

## COVERAGE OF DEBT SERVICE AND LEASE RENTAL REQUIREMENTS BY STATE AID - UNAUDITED

June 30,

---

| <u>Fiscal Year</u>                                   | <u>Total State<br/>Aid Received</u> |
|--|-------------------------------------|
| 2019   | \$113,505,116                       |
| 2018   | 109,052,733                         |
| 2017   | 106,826,894                         |
| 2016   | 93,868,542                          |
| 2015   | 92,845,713                          |
| 2014   | 85,312,270                          |
| 2013   | 79,715,607                          |
| 2012   | 75,299,530                          |
| 2011   | 70,351,980                          |
| 2010   | 71,219,233                          |
| 2019-2020 Debt service requirements                  | 15,703,377                          |
| Maximum future debt service requirements             | 15,703,377                          |
| Coverage of 2019-2020 debt service requirements      | 7.2281                              |
| Coverage of maximum future debt service requirements | 7.2281                              |

*Source: School District of Lancaster*

# SCHOOL DISTRICT OF LANCASTER

## ENROLLMENT TRENDS - UNAUDITED

June 30,

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| <u>Actual Enrollments</u> |                   |                  |              | <u>Projected Enrollments</u> |                   |                  |              |
|---------------------------|-------------------|------------------|--------------|------------------------------|-------------------|------------------|--------------|
| <u>Fiscal Year</u>        | <u>Elementary</u> | <u>Secondary</u> | <u>Total</u> | <u>Fiscal Year</u>           | <u>Elementary</u> | <u>Secondary</u> | <u>Total</u> |
| 2019                      | 6,429             | 4,656            | 11,085       | 2024                         | 6,000             | 5,000            | 11,000       |
| 2018                      | 6,639             | 4,574            | 11,213       | 2023                         | 6,000             | 5,000            | 11,000       |
| 2017                      | 6,712             | 4,624            | 11,336       | 2022                         | 6,100             | 5,000            | 11,100       |
| 2016                      | 6,048             | 5,116            | 11,164       | 2021                         | 6,200             | 4,900            | 11,100       |
| 2015                      | 6,073             | 5,183            | 11,256       | 2020                         | 6,300             | 4,800            | 11,100       |
| 2014                      | 5,493             | 5,253            | 10,746       |                              |                   |                  |              |
| 2013                      | 6,152             | 4,643            | 10,795       |                              |                   |                  |              |
| 2012                      | 5,152             | 5,305            | 10,457       |                              |                   |                  |              |

Source: School District of Lancaster

# SCHOOL DISTRICT OF LANCASTER SINGLE AUDIT



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# SCHOOL DISTRICT OF LANCASTER

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2019

| 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, 2018 | Revenue Recognized | Expenditures | Accrued (Deferred) Revenue June 30, 2019 | Passed Through to Subrecipients |
|--|-------------|---------------------|-------------------------------|-------------------------------------|--------------|-------------------------|---|--------------------|--------------|--|---------------------------------|
| <b><u>U.S. Department of Education</u></b>                       |             |                     |                               |                                     |              |                         |   |                    |              |  |                                 |
| School Climate Transformation Initiative                         | D           | 84.184G             | N/A                           | 10/01/17-09/30/18                   | \$ 721,354   | \$ 251,476              | \$ 28,940                               | \$ 424,653         | \$ 424,653   | \$ 202,117                               | \$ -                            |
| School Climate Transformation Initiative                         | D           | 84.184G             | N/A                           | 10/01/16-09/30/17                   | 732,821      | -                       | -                                       | 143,112            | 143,112      | 143,112                                  | -                               |
| Total CFDA #84.184G  |             |                     |                               |                                     |              | 251,476                 | 28,940                                  | 567,765            | 567,765      | 345,229                                  | -                               |
| Elementary & Secondary School Counseling                         | D           | 84.215E             | N/A                           | 05/01/17-04/30/18                   | 162,343      | 162,243                 | 162,243                                 | -                  | -            | -  | -                               |
| Total CFDA #84.215E  |             |                     |                               |                                     |              | 162,243                 | 162,243                                 | -                  | -            | -  | -                               |
| Gaining Early Awareness and Readiness for Undergraduate Programs | D           | 84.334A             | N/A                           | 09/26/18-06/30/19                   | 446,517      | 149,188                 | -                                       | 174,652            | 174,652      | 25,464                                   | -                               |
| Gaining Early Awareness and Readiness for Undergraduate Programs | D           | 84.334A             | N/A                           | 09/26/17-09/25/18                   | 446,517      | 250,509                 | 250,509                                 | -                  | -            | -  | -                               |
| Gaining Early Awareness and Readiness for Undergraduate Programs | D           | 84.334A             | N/A                           | 09/26/16-09/25/17                   | 1,199,288    | 23,191                  | -                                       | 51,949             | 51,949       | 28,758                                   | -                               |
| Total CFDA #84.334   |             |                     |                               |                                     |              | 422,888                 | 250,509                                 | 226,601            | 226,601      | 54,222                                   | -                               |
|  |             |                     |                               |                                     |              | 836,607                 | 441,692                                 | 794,366            | 794,366      | 399,451                                  | -                               |
| <b><u>Passed through the PA Department of Education</u></b>      |             |                     |                               |                                     |              |                         |   |                    |              |  |                                 |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 013-180221                    | 07/01/17-09/30/18                   | 6,352,074    | 2,088,229               | 917,256                                 | 1,170,973          | 1,170,973    | -  | -                               |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 013-190221                    | 07/01/18-09/30/19                   | 6,416,396    | 4,271,201               | -                                       | 5,083,581          | 5,083,581    | 812,380                                  | -                               |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 107-180221                    | 07/01/17-09/30/18                   | 140,160      | 56,064                  | (49,045)                                | 105,708            | 105,708      | 599                                      | -                               |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 107-190221                    | 07/01/18-09/30/19                   | 156,919      | 52,306                  | -                                       | -                  | -            | (52,306)                                 | -                               |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 042-180221                    | 07/01/17-09/30/18                   | 396,890      | 28,349                  | 28,349                                  | -                  | -            | -  | -                               |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 042-190221                    | 07/01/18-09/30/19                   | 420,995      | 210,498                 | -                                       | 393,758            | 393,758      | 183,260                                  | -                               |
| Title I Grants to Local Educational Agencies                     | I           | 84.010              | 152-190221                    | 07/01/18-09/30/19                   | 1,304,624    | 400,351                 | -                                       | 720,056            | 720,056      | 319,705                                  | -                               |
| Total CFDA #84.010   |             |                     |                               |                                     |              | 7,106,998               | 896,560                                 | 7,474,076          | 7,474,076    | 1,263,638                                | -                               |
| Career and Technical Education - Basic Grants to States          | I           | 84.048              | 380-190056                    | 07/01/18-09/30/19                   | 213,791      | 223,827                 | -                                       | 223,827            | 223,827      | -  | -                               |
| Total CFDA #84.048   |             |                     |                               |                                     |              | 223,827                 | -                                       | 223,827            | 223,827      | -  | -                               |
| Twenty-First Century Community Learning Centers                  | I           | 84.287              | FC4100068096                  | 10/01/17-09/30/18                   | 400,000      | 8,308                   | 8,308                                   | -                  | -            | -  | -                               |
| Twenty-First Century Community Learning Centers                  | I           | 84.287              | FC4100068096A                 | 10/01/18-09/30/19                   | 400,000      | 392,570                 | -                                       | 400,000            | 400,000      | 7,430                                    | -                               |
| Twenty-First Century Community Learning Centers                  | I           | 84.287              | FC4100071655                  | 01/06/18-12/31/18                   | 400,000      | 247,885                 | 103,649                                 | 144,236            | 144,236      | -  | -                               |
| Twenty-First Century Community Learning Centers                  | I           | 84.287              | FC4100071655A                 | 01/01/19-12/31/19                   | 400,000      | 124,354                 | -                                       | 234,152            | 234,152      | 109,798                                  | -                               |
| Total CFDA #84.287   |             |                     |                               |                                     |              | 773,117                 | 111,957                                 | 778,388            | 778,388      | 117,228                                  | -                               |

Continued on next page

| <u>Federal Grantor/Pass-Through Grantor/Project Title</u>            | <u>Source Code</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Grant Period Beginning/Ending Dates</u> | <u>Grant Amount</u> | <u>Total Received for Year</u> | <u>Accrued (Deferred) Revenue July 1, 2018</u> | <u>Revenue Recognized</u> | <u>Expenditures</u> | <u>Accrued (Deferred) Revenue June 30, 2019</u> | <u>Passed Through to Subrecipients</u> |
|--|--------------------|----------------------------|--------------------------------------|--|---------------------|--------------------------------|--|---------------------------|---------------------|---|--|
| <b><u>Passed through the PA Department of Education (cont'd)</u></b> |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| English Language Acquisition Grants                                  | I                  | 84.365                     | 010-190221                           | 07/01/18-09/30/19                          | 428,655             | 400,078                        | -  | 428,655                   | 428,655             | 28,577  | -                                      |
| Total CFDA #84.365   |                    |                            |                                      |  |                     | 400,078                        | -  | 428,655                   | 428,655             | 28,577  | -                                      |
| Improving Teacher Quality State Grants                               | I                  | 84.367                     | 020-180221                           | 07/01/17-09/30/18                          | 789,110             | -                              | -  | -                         | -                   | -   | -                                      |
| Improving Teacher Quality State Grants                               | I                  | 84.367                     | 020-190221                           | 07/01/18-09/30/19                          | 766,798             | 715,406                        | -  | 766,506                   | 766,506             | 51,100  | -                                      |
| Total CFDA #84.367   |                    |                            |                                      |  |                     | 715,406                        | -  | 766,506                   | 766,506             | 51,100  | -                                      |
| School Improvement Grants  | I                  | 84.377                     | 142-122221                           | 06/20/12-09/30/13                          | 1,365,922           | -                              | 227,964  | -                         | -                   | 227,964   | -                                      |
| School Improvement Grants  | I                  | 84.377                     | 142-133221                           | 07/29/13-09/30/14                          | 1,500,122           | -                              | 300,024  | -                         | -                   | 300,024   | -                                      |
| School Improvement Grants  | I                  | 84.377                     | 142-143221                           | 10/01/14-09/30/15                          | 787,829             | -                              | (787,829)                                      | -                         | -                   | (787,829)                                       | -                                      |
| Total CFDA #84.377   |                    |                            |                                      |  |                     | -                              | (259,841)                                      | -                         | -                   | (259,841)                                       | -                                      |
| Title IV - Student Support and Academic Enrichment                   | I                  | 84.424                     | 144-180221                           | 07/01/17-09/30/18                          | 144,840             | 96,560                         | 96,560   | -                         | -                   | -   | -                                      |
| Title IV - Student Support and Academic Enrichment                   | I                  | 84.424                     | 144-190221                           | 07/01/18-09/30/19                          | 462,421             | 154,140                        | -  | 442,300                   | 442,300             | 288,160   | -                                      |
| Total CFDA #84.424   |                    |                            |                                      |  |                     | 250,700                        | 96,560   | 442,300                   | 442,300             | 288,160   | -                                      |
| PDE Emergency Impact Initiative - Homeless Student Supports          | I                  | 84-938C                    | FC4100081582                         | 09/19/18-06/30/19                          | 76,924              | -                              | -  | 76,924                    | 76,924              | 76,924  | -                                      |
| PDE Emergency Impact Initiative - Homeless Student Supports          | I                  | 84-938C                    | FC4100081582                         | 08/31/17-06/30/18                          | 1,070,012           | 1,070,012                      | 1,070,012                                      | -                         | -                   | -   | -                                      |
| Total CFDA #84-938C  |                    |                            |                                      |  |                     | 1,070,012                      | 1,070,012                                      | 76,924                    | 76,924              | 76,924  | -                                      |
| <b>Total PA Department of Education</b>                              |                    |                            |                                      |  |                     | <b>10,540,138</b>              | <b>1,915,248</b>                               | <b>10,190,676</b>         | <b>10,190,676</b>   | <b>1,565,786</b>                                | <b>-</b>                               |
| <b><u>Passed through Lancaster-Lebanon Intermediate Unit #13</u></b> |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| Special Education - Preschool Grants                                 | I                  | 84.173                     | N/A                                  | 07/01/17-06/30/18                          | 17,400              | 17,400                         | 17,400   | -                         | -                   | -   | -                                      |
| Special Education - Preschool Grants                                 | I                  | 84.173                     | N/A                                  | 07/01/18-06/30/19                          | 11,098              | -                              | -  | 11,098                    | 11,098              | 11,098  | -                                      |
| Total CFDA #84.173   |                    |                            |                                      |  |                     | 17,400                         | 17,400   | 11,098                    | 11,098              | 11,098  | -                                      |
| Special Education - Grants to States                                 | I                  | 84.027                     | N/A                                  | 07/01/18-06/30/19                          | 2,234,527           | 635,011                        | -  | 2,234,527                 | 2,234,527           | 1,599,516                                       | -                                      |
| Special Education - Grants to States                                 | I                  | 84.027                     | N/A                                  | 07/01/17-06/30/18                          | 2,215,753           | 1,636,695                      | 1,636,695                                      | -                         | -                   | -   | -                                      |
| Special Education - Grants to States                                 | I                  | 84.027                     | N/A                                  | 07/01/18-06/30/19                          | 25,000              | 25,000                         | -  | 25,000                    | 25,000              | -   | -                                      |
| Special Education - Grants to States                                 | I                  | 84.027                     | N/A                                  | 07/01/17-06/30/18                          | 50,000              | 50,000                         | 50,000   | -                         | -                   | -   | -                                      |
| Total CFDA #84.027   |                    |                            |                                      |  |                     | 2,346,706                      | 1,686,695                                      | 2,259,527                 | 2,259,527           | 1,599,516                                       | -                                      |
| <b>Total Lancaster-Lebanon Intermediate Unit #13</b>                 |                    |                            |                                      |  |                     | <b>2,364,106</b>               | <b>1,704,095</b>                               | <b>2,270,625</b>          | <b>2,270,625</b>    | <b>1,610,614</b>                                | <b>-</b>                               |
| <b><u>Passed through the Berks County Intermediate Unit #14</u></b>  |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| Education for Homeless Children and Youth                            | I                  | 84.196A                    | N/A                                  |  | 26,500              | -                              | (10,578)                                       | 10,578                    | 10,578              | -   | -                                      |
| Education for Homeless Children and Youth                            | I                  | 84.196A                    | N/A                                  |  | 30,378              | 30,378                         | -  | 3,985                     | 3,985               | (26,393)  | -                                      |
| <b>Total Berks County Intermediate Unit #14</b>                      |                    |                            |                                      |  |                     | <b>30,378</b>                  | <b>(10,578)</b>                                | <b>14,563</b>             | <b>14,563</b>       | <b>(26,393)</b>                                 | <b>-</b>                               |
| <b>Total U.S. Department of Education</b>                            |                    |                            |                                      |  |                     | <b>13,771,229</b>              | <b>4,050,457</b>                               | <b>13,270,230</b>         | <b>13,270,230</b>   | <b>3,549,458</b>                                | <b>-</b>                               |

| <u>Federal Grantor/Pass-Through Grantor/Project Title</u>                | <u>Source Code</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Grant Period Beginning/Ending Dates</u> | <u>Grant Amount</u> | <u>Total Received for Year</u> | <u>Accrued (Deferred) Revenue July 1, 2018</u> | <u>Revenue Recognized</u> | <u>Expenditures</u> | <u>Accrued (Deferred) Revenue June 30, 2019</u> | <u>Passed Through to Subrecipients</u> |
|--|--------------------|----------------------------|--------------------------------------|--|---------------------|--------------------------------|--|---------------------------|---------------------|---|--|
| <b><u>U.S. Department of Health and Social Services</u></b>              |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| <b><u>Passed through the PA Department of Education</u></b>              |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| Temporary Assistance for Needy Families                                  | I                  | 93.558                     | FC4100081176                         | 07/01/18-09/30/18                          | 82,575              | 82,575                         | -  | 82,575                    | 82,575              | -   | -                                      |
| Temporary Assistance for Needy Families                                  | I                  | 93.558                     | FC4100081176                         | 10/01/18-06/30/19                          | 247,725             | 46,132                         | -  | 179,429                   | 179,429             | 133,297   | -                                      |
| Temporary Assistance for Needy Families                                  | I                  | 93.558                     | FC4100071402                         | 07/01/17-09/30/17                          | 82,575              | 21,297                         | 21,297   | -                         | -                   | -   | -                                      |
| Temporary Assistance for Needy Families                                  | I                  | 93.558                     | FC4100071402                         | 10/01/17-06/30/18                          | 247,725             | 247,725                        | 247,725  | -                         | -                   | -   | -                                      |
| Total CFDA #93.558   |                    |                            |                                      |  |                     | 397,729                        | 269,022  | 262,004                   | 262,004             | 133,297   | -                                      |
| Temporary Assistance for Needy Families                                  | S                  | N/A                        | FC4100081176                         | 07/01/18-09/30/18                          | 9,175               | 9,175                          | -  | 9,175                     | 9,175               | -   | -                                      |
| Temporary Assistance for Needy Families                                  | S                  | N/A                        | FC4100081176                         | 10/01/18-06/30/19                          | 27,525              | 5,126                          | -  | 19,937                    | 19,937              | 14,811  | -                                      |
| Temporary Assistance for Needy Families                                  | S                  | N/A                        | FC4100071402                         | 07/01/17-09/30/17                          | 9,175               | 2,366                          | 2,366  | -                         | -                   | -   | -                                      |
| Temporary Assistance for Needy Families                                  | S                  | N/A                        | FC4100071402                         | 10/01/17-06/30/18                          | 27,525              | 27,525                         | 27,525   | -                         | -                   | -   | -                                      |
| Total State  |                    |                            |                                      |  |                     | 44,192                         | 29,891   | 29,112                    | 29,112              | 14,811  | -                                      |
| Refugee and Entrant Assistance-Discretionary Grants                      | I                  | 93.576                     | FC4100079279                         | 10/01/18-09/30/19                          | 51,553              | -                              | -  | 6,791                     | 6,791               | 6,791   | -                                      |
| Refugee and Entrant Assistance-Discretionary Grants                      | I                  | 93.576                     | FC4100074520                         | 10/01/17-09/30/18                          | 50,390              | 47,870                         | 15,495   | 32,375                    | 32,375              | -   | -                                      |
| Total CFDA #93.576   |                    |                            |                                      |  |                     | 47,870                         | 15,495   | 39,166                    | 39,166              | 6,791   | -                                      |
| <b>Total PA Department of Education</b>                                  |                    |                            |                                      |  |                     | <b>489,791</b>                 | <b>314,408</b>                                 | <b>330,282</b>            | <b>330,282</b>      | <b>154,899</b>                                  | <b>-</b>                               |
| <b><u>Passed through Lancaster County Workforce Investment Board</u></b> |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| Temporary Assistance for Needy Families                                  | I                  | 93.558                     | 19-TANF-01                           | 07/01/18-06/30/19                          | 250,000             | 102,865                        | -  | 217,295                   | 217,295             | 114,430   | -                                      |
| Temporary Assistance for Needy Families                                  | I                  | 93.558                     | 18-TANF-01                           | 07/01/17-06/30/18                          | 120,000             | 44,056                         | 44,056   | -                         | -                   | -   | -                                      |
| <b>Total passed through Lancaster County Workforce Investment Board</b>  |                    |                            |                                      |  |                     | <b>146,921</b>                 | <b>44,056</b>                                  | <b>217,295</b>            | <b>217,295</b>      | <b>114,430</b>                                  | <b>-</b>                               |
| <b><u>Passed through PA Department of Public Welfare</u></b>             |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| Medical Assistance Program   | I                  | 93.778                     | N/A                                  | 07/01/08-06/30/19                          | N/A                 | 114,944                        | 90,348   | 106,099                   | 106,099             | 81,503  | -                                      |
| <b>Total passed through PA Department of Public Welfare</b>              |                    |                            |                                      |  |                     | <b>114,944</b>                 | <b>90,348</b>                                  | <b>106,099</b>            | <b>106,099</b>      | <b>81,503</b>                                   | <b>-</b>                               |
| <b>Total U.S. Department of Health and Social Services</b>               |                    |                            |                                      |  |                     | <b>751,656</b>                 | <b>448,812</b>                                 | <b>653,676</b>            | <b>653,676</b>      | <b>350,832</b>                                  | <b>-</b>                               |
| <b><u>U.S. Department of Agriculture</u></b>                             |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| National School Lunch Program  | D                  | 10.555                     | N/A                                  | 07/01/17-06/30/18                          | N/A                 | 129,783                        | 129,783  | -                         | -                   | -   | -                                      |
| National School Lunch Program  | D                  | 10.555                     | N/A                                  | 07/01/18-06/30/19                          | N/A                 | 388,382                        | -  | 519,479                   | 519,479             | 131,097   | -                                      |
|  |                    |                            |                                      |  |                     | 518,165                        | 129,783  | 519,479                   | 519,479             | 131,097   | -                                      |
| <b><u>Passed through the PA Department of Education</u></b>              |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| National School Lunch Program  | I                  | 10.555                     | N/A                                  | 07/01/18-06/30/19                          | N/A                 | 4,967,249                      | -  | 5,115,759                 | 5,115,759           | 148,510   | -                                      |
| National School Lunch Program  | I                  | 10.555                     | N/A                                  | 07/01/17-06/30/18                          | N/A                 | 827,303                        | 827,303  | -                         | -                   | -   | -                                      |
| Total CFDA #10.555   |                    |                            |                                      |  |                     | 5,794,552                      | 827,303  | 5,115,759                 | 5,115,759           | 148,510   | -                                      |
| School Breakfast Program   | I                  | 10.553                     | N/A                                  | 07/01/18-06/30/19                          | N/A                 | 1,317,309                      | -  | 1,364,960                 | 1,364,960           | 47,651  | -                                      |
| School Breakfast Program   | I                  | 10.553                     | N/A                                  | 07/01/17-06/30/18                          | N/A                 | 225,212                        | 225,212  | -                         | -                   | -   | -                                      |
| Total CFDA #10.553   |                    |                            |                                      |  |                     | 1,542,521                      | 225,212  | 1,364,960                 | 1,364,960           | 47,651  | -                                      |

**Continued on next page**



| <u>Federal Grantor/Pass-Through Grantor/Project Title</u>                              | <u>Source Code</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Grant Period Beginning/Ending Dates</u> | <u>Grant Amount</u> | <u>Total Received for Year</u> | <u>Accrued (Deferred) Revenue July 1, 2018</u> | <u>Revenue Recognized</u> | <u>Expenditures</u> | <u>Accrued (Deferred) Revenue June 30, 2019</u> | <u>Passed Through to Subrecipients</u> |
|--|--------------------|----------------------------|--------------------------------------|--|---------------------|--------------------------------|--|---------------------------|---------------------|---|--|
| <b><u>Passed through the PA Department of Education (cont'd)</u></b>                   |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| National School Fresh Fruits & Vegetable Lunch Program                                 | I                  | 10.582                     | N/A                                  | 07/01/18-06/30/19                          | 124,450             | 123,459                        | -  | 124,450                   | 124,450             | 991   | -                                      |
| National School Fresh Fruits & Vegetable Lunch Program                                 | I                  | 10.582                     | N/A                                  | 07/01/17-06/30/18                          | 120,360             | 26,761                         | 26,761   | -                         | -                   | -   | -                                      |
| Total CFDA #10.582   |                    |                            |                                      |  |                     | 150,220                        | 26,761   | 124,450                   | 124,450             | 991   | -                                      |
| School Breakfast Program   | S                  | N/A                        | N/A                                  | 07/01/18-06/30/19                          | N/A                 | 61,557                         | -  | 63,783                    | 63,783              | 2,226   | -                                      |
| School Breakfast Program   | S                  | N/A                        | N/A                                  | 07/01/17-06/30/18                          | N/A                 | 10,776                         | 10,776   | -                         | -                   | -   | -                                      |
| National School Lunch Program  | S                  | N/A                        | N/A                                  | 07/01/18-06/30/19                          | N/A                 | 197,681                        | -  | 203,524                   | 203,524             | 5,843   | -                                      |
| National School Lunch Program  | S                  | N/A                        | N/A                                  | 07/01/17-06/30/18                          | N/A                 | 33,752                         | 33,752   | -                         | -                   | -   | -                                      |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | S                  | N/A                        | FC4100060959                         | 07/01/14-06/30/15                          | 16,956              | -                              | -  | -                         | -                   | -   | -                                      |
| Total State  |                    |                            |                                      |  |                     | 303,766                        | 44,528   | 267,307                   | 267,307             | 8,069   | -                                      |
| <b>Total PA Department of Education</b>  |                    |                            |                                      |  |                     | <b>7,791,059</b>               | <b>1,123,804</b>                               | <b>6,872,476</b>          | <b>6,872,476</b>    | <b>205,221</b>                                  | <b>-</b>                               |
| <b>Total U.S. Department of Agriculture</b>  |                    |                            |                                      |  |                     | <b>8,309,224</b>               | <b>1,253,587</b>                               | <b>7,391,955</b>          | <b>7,391,955</b>    | <b>336,318</b>                                  | <b>-</b>                               |
| <b><u>PA Department of Labor &amp; Industry</u></b>                                    |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| <b><u>Passed through the Office of Vocational Rehabilitation</u></b>                   |                    |                            |                                      |  |                     |                                |  |                           |                     |   |  |
| Special Education Career Readiness and Post-Secondary Training                         | I                  | 84.126                     | FC4000020568                         | 07/01/18-6/30/19                           | 9,548               | 6,682                          | -  | 9,548                     | 9,548               | 2,866   | -                                      |
| Special Education Career Readiness and Post-Secondary Training                         | I                  | 84.126                     | FC4000020568                         | 10/01/17-9/30/18                           | 184,741             | 182,201                        | 182,201  | -                         | -                   | -   | -                                      |
| Special Education Career Readiness and Post-Secondary Training                         | I                  | 84.126                     | FC4000020568                         | 10/01/18-9/30/19                           | 184,741             | -                              | -  | 184,741                   | 184,741             | 184,741   | -                                      |
| Total CFDA #10.553   |                    |                            |                                      |  |                     | 188,883                        | 182,201  | 194,289                   | 194,289             | 187,607   | -                                      |
| <b>Total Federal Awards and Certain State Grants</b>                                   |                    |                            |                                      |  |                     | <b>23,020,992</b>              | <b>5,935,057</b>                               | <b>21,510,150</b>         | <b>21,510,150</b>   | <b>4,424,215</b>                                | <b>\$ -</b>                            |
| Total Federal Awards   |                    |                            |                                      |  |                     | 22,673,034                     | 5,860,638                                      | 21,213,731                | 21,213,731          | 4,401,335                                       | \$ -                                   |
| Total State Awards   |                    |                            |                                      |  |                     | 347,958                        | 74,419   | 296,419                   | 296,419             | 22,880  | -                                      |
| Total Federal Awards and Certain State Grants  |                    |                            |                                      |  |                     | 23,020,992                     | 5,935,057                                      | 21,510,150                | 21,510,150          | 4,424,215                                       | \$ -                                   |
| Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)                          |                    |                            |                                      |  |                     | 2,364,106                      | 1,704,095                                      | 2,270,625                 | 2,270,625           | 1,610,614                                       | \$ -                                   |
| Child Nutrition Cluster (CFDA's #10.553 and #10.555)                                   |                    |                            |                                      |  |                     | 7,855,238                      | 1,182,298                                      | 7,000,198                 | 7,000,198           | 327,258   | \$ -                                   |

**Source Codes**

D - Direct Funding

I - Indirect Funding

S - State Share

# SCHOOL DISTRICT OF LANCASTER

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

June 30, 2019

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### (1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

### (2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

### (3) ACCESS PROGRAM

The ACCESS Program 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, 2019 was \$1,899,864.

### (4) QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Authority ("**SPSBA**"). In conjunction with the QSCB Program, the District receives subsidy reimbursements for a portion of the interest payments made under its loan agreements with the SPSBA. Reimbursements are federal source revenues but are not considered federal financial assistance. The amount of QSCB subsidy payments recognized for the year ended June 30, 2019 was \$3,013,044.

### (5) INDIRECT COSTS

The amount expended includes \$291,283 claimed as an indirect cost recovery using an approved indirect cost rate of 4.13 percent. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance, however, the District elected to use a more conservative rate of 4.00 percent based on past trends.

**SCHOOL DISTRICT OF LANCASTER**

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

**Year ended June 30, 2019**

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There were no audit findings for the year ended June 30, 2018.



**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  
School District of Lancaster  
Lancaster, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District of Lancaster, Lancaster, Pennsylvania, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise School District of Lancaster's basic financial statements, and have issued our report thereon dated December 13, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered School District of Lancaster'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 School District of Lancaster's internal control. Accordingly, we do not express an opinion on the effectiveness of School District of Lancaster'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 School District of Lancaster'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  
December 13, 2019**



**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  
School District of Lancaster  
Lancaster, Pennsylvania**

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

We have audited School District of Lancaster'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 School District of Lancaster's major federal programs for the year ended June 30, 2019. School District of Lancaster'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 School District of Lancaster's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about School District of Lancaster'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 School District of Lancaster's compliance.

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

In our opinion, School District of Lancaster, 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, 2019.

### ***Report on Internal Control over Compliance***

Management of School District of Lancaster 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 School District of Lancaster'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 School District of Lancaster'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  
December 13, 2019**

# **SCHOOL DISTRICT OF LANCASTER**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended June 30, 2019**

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### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the School District of Lancaster were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the School District of Lancaster 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 the School District of Lancaster, 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 the School District of Lancaster expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
  - Title I, Part A - CFDA Number 84.010
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The School District of Lancaster did qualify as a low-risk auditee.

### **FINDINGS—FINANCIAL STATEMENT AUDIT**

None

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

None



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