



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2020

**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, 2020

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 15, 2020



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, 2020.

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.



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, 2020.

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 district to evaluate whether additional entities should be included as component units include whether the district can impose its will on these entities and whether these entities bring the district financial benefit or burden.

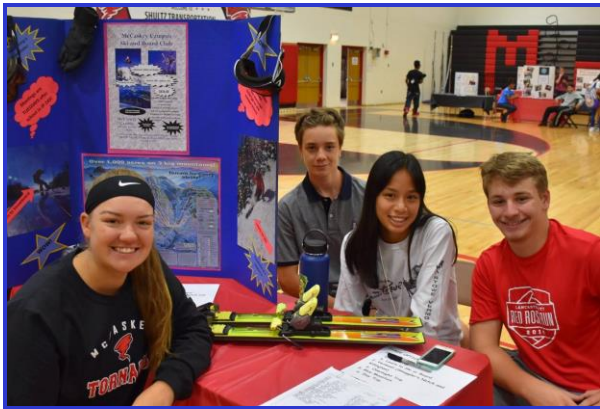
Profile of the School District

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 inland school district in Pennsylvania. The district employs approximately 1,600 Administrative, Professional and Support Staff. Our student population has decreased slightly to 11,000 students of whom 60% are Hispanic, 17% are African American, 13% are Caucasian and 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, two Directors of Schools, a Director of Student Services, among others, provides oversight of various departments.

Our student population includes more than 2,015 English Learners who speak sixty native languages. Students who are refugees have enrolled after relocating from the Democratic Republic of the Congo, Syria, Poland, Ukraine, Burma, Cuba, India, Kenya, Iran, and Iraq to name a few.



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 provide extra supports for these and other students as necessary.

SDoL is located in an area rich in American history. Lancaster is one of the oldest inland cities in the United States. German immigrants were the first to settle in the area in 1709. Lancaster was called Hickory Town until it was renamed after the English city Lancaster.

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.



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. 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.

Home to the 15th President of the United States, James Buchanan, his homestead, Wheatland, still stands today and is a popular tourist attraction. Another honor for Lancaster is the home of the first paved road in the United States. Formerly called the Philadelphia and Lancaster Turnpike when it opened in 1795, it is known today as U.S. Route 30.

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, an engineer, inventor and creator of the commercial steamboat Clermont, has thrilled audiences since 1852. Although it's name was changed, The Fulton Theatre continues as a vibrant and popular venue offering professional plays year-round.

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. SDoL strives to include the arts in the curriculum. All grade levels at every school are represented at Lancaster ArtWalks, a citywide celebration of the visual arts through special exhibitions, meet-the-artist events, and live demonstrations.

Nearly 1,000 students perform in school bands, orchestras, and choruses. The Lancaster Symphony Orchestra provides all 5th and 6th grade students to their own orchestra concert usually held in the spring at the High School Auditorium. Named one of the Best Communities for Music Education for the past 10 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." SDoL 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 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. One pre-kindergarten through 8th grade school serves 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.



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 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.

Over the past decade, SDoL has invested more than \$223 million in renovating and replacing its outdated facilities. **Reynolds Middle School** opened in the fall following a \$25.5 million dollar renovation that was featured in *Construction in Focus* magazine, a national industry trade publication. The refreshed design preserved the historic architecture of C. Emlen Urban while modernizing classrooms, adding a new cafeteria and media center and air-conditioning the building.

This photo is more than an updated auditorium. It represents the investment the School District of Lancaster continues to make for a school its students are proud to attend.



Students who live in neighborhoods of poverty should not be punished with old and neglected buildings. The impact of updated facilities wired for today's technological needs in an attractive and comfortable learning environment should never be underestimated.

The last phase of the project is the construction of a 24,000 square foot play deck to provide covered parking on the ground level and a combination of uncovered playing surfaces – paved, artificial turf, and a track – on the second level referred to as a play deck. The project is set for completion in October 2020. Surrounded and landlocked by housing and businesses without space to expand, the parking / play deck solves two longstanding problems -- a secure outdoor space for physical education and an end to parking hassles for staff.



Lincoln Middle School experienced delays due to the discovery of large subterranean rock during construction. Following a routine inspection, necessary remedial work needed to be completed before the new 90,000 square foot; three-story academic wing was complete. Two Open House options "wowed" students, parents, staff, and the community during tours of the new wing on February 26 and February 27, 2020.

Students were ecstatic at the renovations. An eighth grade male student was overheard saying, "Wow! I need to flunk this year so I can come back to Lincoln next year." Other

students said it seemed like a college university, not a middle school. No one knew at the Open House that the current eighth grade students would only have a few days in the new wing. Within two weeks, school closed due to COVID-19.

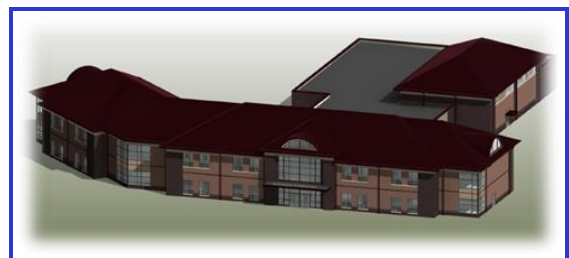


Although the building was closed and learning moved online, the renovations continued with the demolition and renovation of the remaining 1962 structure. There was a period in the spring when activity stopped, but by the middle of April, it was an active work site again. The projected completion date was adjusted to March 2021.

Buchanan Elementary School students are watching their new school go up behind the existing school. The \$21.6 million, 61,000 square foot building is being constructed on district land near Wheatland Middle School. Everyone is excited the building will be air-conditioned. It is scheduled to open in March of 2021.



Current School
Built 1929



New School Expected Completion Spring 2021

Charter Schools/Cyber School

After ten years of offering the Lancaster Cyber School Program, a full-time cyber school with single course options where students could learn on-site or by remote classes, the program has morphed to become the Cyber Pathways Academy. Adapted in the spring of 2020 to address concerns related to the pandemic and students learning from home, Cyber Pathways has a unique component -- academic advisors.

Cyber Pathways students study on-line at home and receive the extra benefit of regular in-person meetings with an academic advisor at a district Cyber Hub. All academic advisors are Pennsylvania certified teachers who work closely with families to map out the right path for their child. These Hubs located at partnering non-profit organizations help further their understanding of academic content, offer support through challenging assignments, and provide academic, study skills, and time management strategies.

Cyber Pathways Academy students receive college and career readiness opportunities provided through the district. They can talk to dedicated college and career planners and make sure they are on track for life after high school. Students can check-in with an on-line Pennsylvania certified teacher with the online platform, also.

Cyber Pathways students have full access to all activities and services as a School District of Lancaster student including extracurricular, athletics, clubs, social school events, college and career readiness activities, grade level field trips, and school-based counseling.

To bridge the financial hurdle, all Cyber Pathways Academy students receive a district issued computer, reimbursement for home internet services, access to online courses 24 hours a day and Instructional Technology staff to assist with login, technical and general computer issues.



SDoL is a partner with La Academia Partnership Charter School located in the district boundary. La Academia is a "brick and mortar" public charter school and tuition-free. 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 has 223 students in sixth through twelfth grades and has a five-year goal of becoming a dual-language school with a STEM focus preparing students to be global citizens and highly skilled workers. Small classes, hands-on learning and linkages to local employers make La Academia unique and highly relevant for today's learners.

Local Economy

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.

Located in Lancaster County, Pennsylvania that 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.

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.



Mr. Jonathan Russell, Executive Director of Hourglass Lancaster, a Lancaster County Think Tank aimed at protecting the county's character and quality of life illustrates the local economy in this Opinion published at LancasterOnline. "For many households, the scene is a familiar one: A family huddles around the dining table, working to find ways to pay the bills and balance the budget."

Now imagine you are sitting at that table and someone limits your sources of income while simultaneously imposing requirements on how you spend your money. These income options and expenditure requirements might line up with your family's needs and skill sets, or they may not. Wouldn't you prefer to be the one making these financial decisions for your family?

Unfortunately, this is exactly the situation the City of Lancaster has found itself. As a third-class city (a Pennsylvania city with a population under 250,000), Lancaster is restricted in the ways it can raise money. Pennsylvania law allows Lancaster to set its local property tax millage rate, but not much else. The state sets the rate of the earned income tax (a 0.6% tax on wages of city residents only); the local services tax (a \$47 tax on those who work in the city regardless of where they live); and the real estate transfer tax (a 0.5% sales tax on real estate purchases). When the city needs additional revenue to cover its costs, it is largely limited to looking at raising property taxes.

Lancaster City has experienced successful revitalization efforts and has practiced strong fiscal management across successive mayoral administrations. At the same time, due to the constraints placed on them by the state, and in order to meet the city's financial obligations, city leaders have had to make difficult decisions to reduce certain services and raise property taxes. This is not a sustainable path forward. Increasing property taxes will not only discourage investment in the city, but it will dramatically affect those who are impoverished or on fixed incomes.

At the same time, the City has made great strides in reducing the expense side of the balance sheet. Because the City's largest cost across all departments is personnel, it has significantly reduced personnel. In 2007, the city had 424 full-time employees. In 2019, that number dropped to 387, a decrease of almost 9%.

Since 2012, the city also has self-funded its employee health insurance plan, saving millions. It also has taken steps to reduce its long-term post-retirement pension and medical liabilities.

Among the priorities are raising the rigor of curricula and instruction, fully implementing a 1:1 technology program K-12 and fostering student-centered climate and culture in all schools.



A key strategy in doing so is an individualized reading program known as ARC. Over 800 hours of professional development and in-class coaching for new elementary teachers and all grade 6 English Language Arts teachers was achieved in the 2019-2020 school year. The district assesses the development of subskills of reading with a test known as IRLA. We are seeing modest growth in the percentage of students reading on grade level since introducing ARC.

One of the three primary goals the Board set for the District is: "Ensure all students have equitable opportunities." For the past two years, the Superintendent has chaired the district's Equity Design Team involving teachers, school directors, principals, students and community leaders to dig into data and identify inequities then set priorities.

The data has raised concerns involving the district's black middle school students, especially boys in sixth grade. For example, a black male student in our middle schools is *four times* more likely to be suspended than a white student. And black male students in our middle schools have the lowest achievement on PSSAs compared to other racial groups. Both of these trends are most pronounced beginning in sixth grade.

A mentoring program was launched specifically for black boys in sixth grade. An invitation was

extended to the community. We know our students are not broken and we are not here to fix them. We need to address the systemic biases in the system and have committed to that work. We believe a mentoring program of an affinity group can disrupt the cycle of failure to improve academic and social outcomes for boys and young men of color.

Another key 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-kindergarten classrooms scattered throughout the School District of Lancaster serving 369 students. Transportation is provided for students in this program.

In addition to classroom instruction across all domains of learning, the program includes optional before and after school care, back-to-school activities, comprehensive screenings, intervention and mental health and learning support services. Because the district maintains a waiting list in excess of 800 students, the School District of Lancaster works collaboratively with other early childhood providers, including the Community Action Program and Head Start, to place as many students as possible in high quality programming prior to the entrance to kindergarten. Within the community, the district facilitates the Kindergarten Transition Task Force. Through this group, a Transition to Kindergarten Survey is disseminated, parent involvement activities are planned and transition events are held.



Instructional Programs

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.

2019-2020 Principals

Elementary Schools

[Buchanan](#) ~ Mr. Justin Reese
[Burrowes](#) ~ Ms. Michele Byers
[Carter & MacRae](#) ~ Mrs. Rachel Esh
[Fulton](#) ~ Mr. Steven Sohonyay
[Hamilton](#) ~ Mr. Philip Ludwig
[King](#) ~ Mrs. Melinda Wells
[Lafayette](#) ~ Mrs. Marian Grill
[Price](#) ~ Dr. Florence Krane
[Ross](#) ~ Mrs. Camille Hopkins
[Washington](#) ~ Mrs. Kathleen Hernandez
[Wharton](#) ~ Mrs. Melanie Martinez
[Wickersham](#) ~ Ms. Ashley Mercado

K-8 and Middle Schools

[Martin K-8](#) ~ Dr. Shelby Cunningham
[Hand](#) ~ Mr. Mark Simms
[Lincoln](#) ~ Mr. Ryan Schlinkman
[Reynolds](#) ~ Mr. Aaron Swinton
[Wheatland](#) ~ Mr. Don Trost

J.P. McCaskey High School Campus

~ Mr. John Lischner

Alternative

[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

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 student assistance.

SDoL offers one of the broadest and deepest academic programs among public schools in Pennsylvania. One of only 13 school districts in the Commonwealth of Pennsylvania, SDoL offers the International Baccalaureate Diploma Program, along with award-winning arts programs, extensive career training and more. McCaskey High School sets the standard for excellence in urban education. The district also implements the IB Middle Years Programme, an educational framework for classes in grades 6-10 based on the IB Learner Profile.

In all grades, students enjoy hands-on learning, innovative technology and dedicated instruction from experienced faculty. Curriculum Teams, comprised of Content Area Coordinators, building leaders and teachers, continue to work collaboratively to revise and align curricula to the Pennsylvania Core

Standards, for pre-kindergarten through grade 12. Standards aligned curricular units are generated for all core courses with English Language Arts standards embedded throughout each core content area. District-adopted programs are embedded as resources. Modifications for Special Education and English Learners, along with enrichment for high-achieving students, are integrated in the written curricula. These documents when finalized are published for implementation across all schools and classrooms.

The district strives to provide English Language Arts instruction that will prepare students to be effective readers, writers, and communicators in the 21st Century. Our ELA curricular follows the targets provided by the Pennsylvania Core Standards. These standards lay out what students should know and be able to do by the end of each grade level. The ELA standards fall into five domains: Foundational Skills, Reading Informational Text, Reading Literature, Writing, and Listening and Speaking.



A commitment to high-quality instruction in mathematics so that our students learn to be critical thinkers and problem solvers with a global perspective is paramount. That is why our mathematics instruction supports student discourse and reflection, so that students participate in, and own their learning and success. They learn the skills necessary to work collaboratively and independently to be thinkers, doers, and leaders.

Understanding how science influences our daily lives is an essential part of understanding the world around us. Careers in the application of science through technology, engineering, and mathematics or STEM areas the largest growing employment fields in the world.

Because of this, it is imperative that our students have basic foundations in science, and experiences in STEM. For students to have these experiences, labs and hands-on activities are an essential part of the curriculum.



In order to ensure this takes place, our teachers are development engaging lessons through the 5E Process (Engage, Explore, Explain, Elaborate, and Evaluate). This process focuses on inquiry and student-centered learning, allowing students the opportunity to discover laws and theories consistent with observations.

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 his or her 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.



The district 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 a student 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. Partnerships include 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 their desire with their counselor and then complete the Dual Enrollment Application form.



"Whole Student" Approach

SDoL understands that students and families often face barriers that can inhibit success in schools. That is why the district has a team of twenty Student and Family Resource Specialists ("**SFRS**"), all of whom are licensed social workers or professional counselors, to help make sure every child in SDoL has what they need to be the best they can be.

The SFRS staff serve the entire family of a student. These professional staff are not just in the schools to meet student needs, but seek to know personal and family goals to make the student's entire family a success. Their work is confidential as these licensed social workers are bound by the National Association of Social Workers Code of Ethics or by the American Counseling Association Code of Ethics for those who are professional counselors. Typically, an SFRS will not share the substance of their conversations with students and families with anyone else including other school personnel.

They support students to attend school regularly addressing barriers that may keep students from attending. They seek to reassure students it is best to be in school. SFRS staff are one of the ways the district seeks a whole student approach.



District Technology Program

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.

SDoL is creating student technology teams in all schools and embedding computer science programming in middle schools thanks to \$60,000 in Pennsylvania state grant funding.

The district received a \$35,000 targeted grant, also as part of the PAsmart initiative, a program created by the Governor's administration to expand access to computer science to help ensure Pennsylvania students have the skills and abilities to meet the economic needs of the 21st Century in Pennsylvania. The district will use the grant to embed computer science programming in the middle school STEM curriculum through teacher training and unit design.

The goal is to create a pathway to McCaskey High School's robust computer science courses and, ultimately, technology careers for students. Currently, McCaskey offers a wide range of courses in computer programming and applications, robotics and engineering, as well as an International Baccalaureate computer science course.

Another exciting SDoL grant received is a \$25,000 Teacher in the Workplace grant, which will be used to provide student technology teams and their teacher leaders from all schools opportunities to visit Lancaster County technology companies to explore the skills needed to work in technology fields. Hosting companies include Listrak, Industrial Resolution and Cargas.



"This grant provides real-world learning opportunities for our students and time for our teachers to work with community partners to create a problem-based learning curriculum for our K-12 technology teams," said Jessica Garrigan, the District's Coordinator of Instructional Technology. "It's the result of an exciting collaboration between the Instructional Technology and College and Career teams at SDoL. We are so excited to watch our learners learn and lead in their schools!"

Special Education Services

The School District of Lancaster uses the discrepancy model for identifying students with specific learning disabilities. Students at all levels are referred for a special education evaluation after receiving intensive academic support services. The data collected by the child's team is an integral part of the consideration for specific learning disability along with the evaluation measures and input from the school psychologist. Data gathered through multi-tiered systems of support,

including universal screening, progress monitoring, formal and informal formative assessments, and other documentation are used in making these eligibility decisions. At this time, the discrepancy model is primarily used in making the SLD determination for students.



SDoL uses the Pennsylvania Department of Education's Academic Standards to drive instruction at all levels. Given modifications and specially designed instruction, this focus provides all students with greater access to the general education curriculum. Moreover, it facilitates the inclusion of students within general education and for students with disabilities from special education services to transition smoothly to the least restrictive environment.

The Exceptional Student Specialist (ESS) and the Case Manager work in collaboration to ensure that students with disabilities are provided the same educational opportunities and access that all students without disabilities are provided. Special Education Coordinators support the efforts of principals and teachers to provide services to students with disabilities within the general education environment.



This collaboration results in many students with disabilities being successfully integrated into the general education setting alongside their non-disabled peers. Instruction is designed from the Pennsylvania Core Standards for replacement classes. This allows the general education teachers and the special education teachers to collaborate, provide educational opportunities that are core aligned, and prepare all students for the Pennsylvania State Standards Aligned Assessment and Keystone Exams. Students have access to an array of supplementary aids and services as determined by the IEP team to support their progress and involvement in the general education class.

A unique program offered in the district is an apartment program that serves students from ages 18-21 who require instruction in daily living skills within a real world setting. The district rents an actual apartment in the City of Lancaster that is fully furnished to provide students an opportunity to generalize taught skills in a setting that replicates post high school life. The skills developed include cooking, making appointments, arranging transportation to and from jobs, laundry, and other everyday living skills.

Gifted Facilitators, along with the Exceptional Student Specialists, deliver supports and monitor the instruction of gifted students. Professional development opportunities are offered to general education teachers in order to help them know how to best meet the gifted needs of their students using enrichment, curriculum compacting and acceleration. The district's Gifted Facilitators offer in-service training for staff who focus on referral and evaluation procedures, characteristics of gifted students, plus enrichment and acceleration opportunities available within the building and district. They meet monthly to discuss a variety of topics including Chapter 16, specific student needs, best practices for acceleration and enrichment based on teacher training and student needs.

Vocational/Technical Support

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-nine SDoL students were enrolled at the CTC in the 2019-2020 school year.

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

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 & Maintenance ~ Computer-Aided Drafting & Design (CADD) ~ Cosmetology ~ Early Childhood Education ~ Electronics ~ Engineering ~ Health/Medical Assisting



Students have the option of attending the Lancaster County Career and Technology Center that offers other technical programs in either half-day or full-day programs.

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, and track and field

and more. At the High School, 49 teams compete in 19 different sports, and the Middle Schools support 19 teams in five sports.



Summer Programs

Summer programs for all ages are provided and include partnerships with Pressley Ridge, Advantage Lancaster, Lancaster Family YMCA, Shalom Partnership, Migrant Education, Lancaster Recreation Commission and the Lancaster-Lebanon Intermediate Unit #13. Programs focus on literacy, STEM (science, technology, engineering, and math), physical activity, college readiness, career awareness, English Language development, credit recovery, enrichment and developing social skills.

Extended day program tutors are taught by district employed teachers that teach in the same building during the day. These tutors participate in school and district level professional development and are knowledgeable about student IEP goals and performance levels and other student instructional needs. In the case where a tutor is not the student's school day teacher, email and informal conferences are used to align intervention and/or enrichment programming to instruction that occurs during the school day.

In most cases, the Lead Tutor is an identified teacher leader, who has in-depth understanding of individual student achievement data, content standards, district curriculum, effective assessment and best practices unique to that school. To ensure instructional alignment, building principals play

an integral role in the selection and training of the tutoring program staff and the choice of intervention materials and assessment tools used in the Extended Day Program.



Vision & Strategies for the Future

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 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.

All internal accounting control evaluations occur within the above framework. We believe the 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 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 either are out of the district's control or tied to collective bargaining agreements. These are the greatest issues affecting the districts 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 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. Our sincere appreciation goes to every staff member for his or her 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

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL OFFICIALS

Board of School Directors

Dr. Edith Gallagher	President
Mara Creswell McGrann	Vice-President
Salina Almanzar	Member
Ramon Escudero	Member
Robin Goodson	Member
Dr. David Parry	Member
Kareena Rios	Member
Lois Strause	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 Litts & 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, 2019

Christopher P. Morill

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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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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, 2020, 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, 2020, 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 2019 financial statements, and our report dated December 13, 2019, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the 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 73 through 77 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 15, 2020, 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 15, 2020**

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

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, 2020. 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 2019-2020 fiscal year of \$212.9 million. During the 2019-2020 fiscal year, the District had a decrease in total net position of \$2.7 million. The net position of governmental activities decreased by \$2.5 million and the net position of the business-type activities decreased by \$191 thousand.
- General revenues and transfers related to governmental activities accounted for \$158.7 million, or 68 percent of all governmental activities revenues for fiscal year 2020. Program-specific revenues in the form of charges for services, grants and contributions accounted for \$73.8 million, or the remaining 32 percent of governmental activities.
- Program revenues related to business-type activities accounted for \$6.9 million, or almost 100 percent of all business-type activity revenues for fiscal year 2020.
- The District had approximately \$235.0 million in expenses related to governmental activities, of which \$73.8 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 \$622 thousand bringing the cumulative balance to \$31.0 million at the conclusion of the 2019-2020 fiscal year. This represents a cumulative total increase since its deficit at the conclusion of the 2003-2004 fiscal year of \$34.5 million.
- At June 30, 2020, 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
 - ◆ \$198 thousand assigned for student activities
- Actual revenues and other financing sources were \$9.7 million more than budgeted amounts and actual expenditures and other financing uses were \$4.5 million more than budgeted amounts resulting in a net positive variance of \$5.2 million. The District utilized \$4.5 million of fund balance to balance the 2019-2020 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, 2020

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, 2020

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, Capital Project Fund and Debt Service Fund which all are considered to be major funds.

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 and 43 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 44 through 72 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.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

The required supplementary information and additional analysis can be found on pages 73 through 81 of this report.

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 \$212.9 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, 2020 and 2019 (expressed in thousands).

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

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current assets	\$ 116,101	\$ 110,287	\$6,365	\$6,240	\$ 122,466	\$ 116,527
Capital assets	194,572	173,185	352	436	194,924	173,621
Total assets	<u>310,672</u>	<u>283,472</u>	<u>6,717</u>	<u>6,675</u>	<u>317,390</u>	<u>290,147</u>
DEFERRED OUTFLOWS						
Deferred charges OPEB and proportionate share of PSERS	52,121	48,894	862	805	52,983	49,698
Deferred charges on debt refunding	884	1,647	-	-	884	1,647
	<u>53,005</u>	<u>50,540</u>	<u>862</u>	<u>805</u>	<u>53,867</u>	<u>51,345</u>
LIABILITIES						
Current liabilities	43,593	44,217	536	437	44,130	44,653
Long-term liabilities	516,564	492,778	5,347	5,253	521,911	498,032
Total liabilities	<u>560,157</u>	<u>536,995</u>	<u>5,884</u>	<u>5,690</u>	<u>566,041</u>	<u>542,685</u>
DEFERRED INFLOWS						
Deferred credits OPEB and proportionate share of PSERS	17,921	8,927	180	84	18,101	9,011
NET POSITION (DEFICIT)						
Net investment in capital assets	26,460	24,544	353	436	26,813	24,980
Restricted	28,217	23,248	-	-	28,217	23,248
Unrestricted (deficit)	(269,079)	(259,703)	1,163	1,271	(267,916)	(258,432)
Total net position (deficit)	<u>\$(214,401)</u>	<u>\$(211,910)</u>	<u>\$1,516</u>	<u>\$1,706</u>	<u>\$(212,886)</u>	<u>\$(210,204)</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, 2020

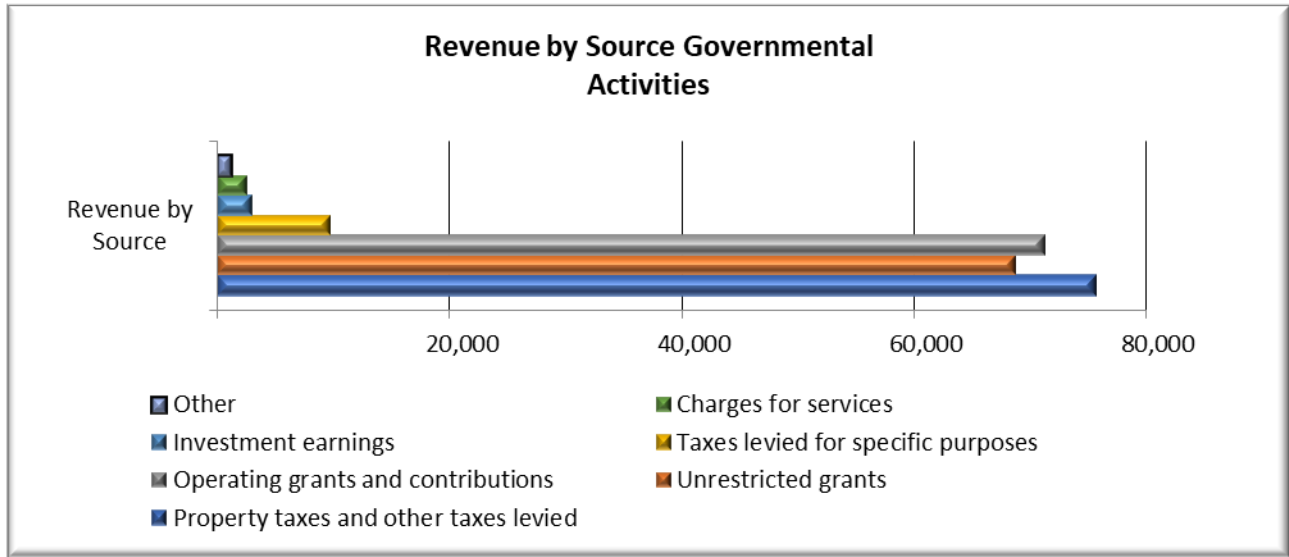
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	\$ 2,538	\$ 2,947	\$ 550	\$ 659	\$ 3,088	\$ 3,606
Operating grants and contributions	71,247	65,371	6,319	7,703	77,566	73,074
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes and other taxes levied for general purposes	75,686	73,130	-	-	75,686	73,130
Taxes levied for specific purposes	9,765	10,406	-	-	9,765	10,406
Grants, subsidies and contributions not restricted to specific programs	68,747	67,619	-	-	68,747	67,619
Investment earnings	3,018	2,749	3	4	3,021	2,753
Other	1,257	1,131	-	-	1,257	1,131
Total revenues	<u>232,257</u>	<u>223,353</u>	<u>6,872</u>	<u>8,366</u>	<u>239,129</u>	<u>231,719</u>
EXPENSES						
Instruction	150,938	146,834	-	-	150,938	146,834
Instructional student support services	29,300	29,583	-	-	29,300	29,583
Administrative and financial support services	23,152	23,651	-	-	23,152	23,651
Operation and maintenance of plant services	15,430	13,688	-	-	15,430	13,688
Pupil transportation	5,947	5,638	-	-	5,947	5,638
Student activities	1,874	2,048	-	-	1,874	2,048
Community services	563	521	-	-	563	521
Food service	-	-	6,792	7,239	6,792	7,240
Interest on long-term debt	7,814	6,137	-	-	7,814	6,137
Total expenses	<u>235,018</u>	<u>228,101</u>	<u>6,792</u>	<u>7,239</u>	<u>241,810</u>	<u>235,340</u>
Change in net position (deficit) before transfers	(2,761)	(4,748)	80	1,127	(2,681)	(3,622)
Transfers	270	291	(270)	(291)	-	-
CHANGE IN NET POSITION (DEFICIT)	(2,492)	(4,457)	(190)	835	(2,681)	(3,622)
NET POSITION (DEFICIT)						
Beginning of year	(211,910)	(207,453)	1,706	871	(210,204)	(206,582)
End of Year	<u>\$(214,401)</u>	<u>\$(211,910)</u>	<u>\$1,516</u>	<u>\$1,706</u>	<u>\$(212,886)</u>	<u>\$(210,204)</u>

SCHOOL DISTRICT OF LANCASTER

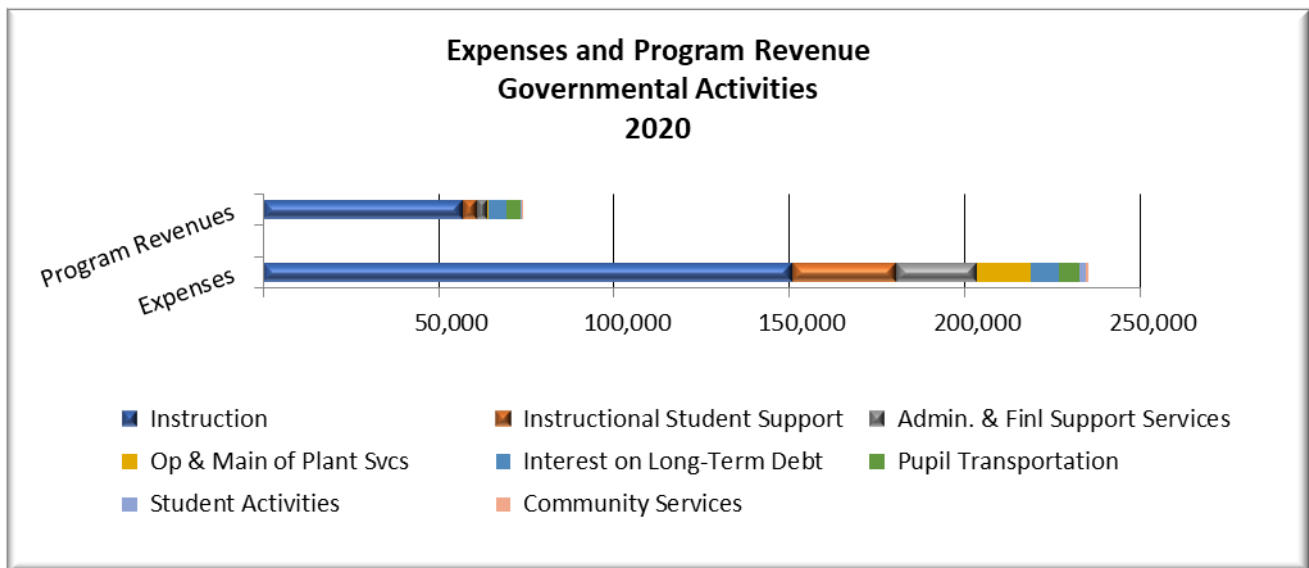
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

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, 2020

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 \$63.8 million. Approximately \$24.1 million, or 38 percent of this total, constitutes the general fund unassigned fund balance, which is available for spending at the District's discretion. In addition, approximately \$17.8 million, or 28 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 \$24.1 million, while the total fund balance increased to \$31.0 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 10 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 2020-2021 fiscal year prior to the adoption of the 2020-2021 annual budget.

The fund balance of the District's General Fund increased \$622 thousand during the current fiscal year. The majority of the increase resulted from an increase in federal funds received from CARES federal funding.

At June 30, 2020, 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 \$17.8 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 \$1.2 million at June 30, 2020. The total decrease in net position for this fund was \$191 thousand.

Unrestricted net position of the self-insurance Internal Service Fund presented a balance of \$6.1 million at June 30, 2020, which is a decrease of \$667 thousand from the prior year. The District continued to maintain steady health claims expense despite the COVID-19 crisis. 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, 2020

The 2019-2020 General Fund budget included a 4.1 percent increase in total revenues and 5.0 percent increase in expenses to that of the prior year. For 2019-2020 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 \$3.2 million due to an \$800 thousand increase in Earned Income Tax and Realty Transfer Tax. In addition, the District recognized \$2.7 million in revenue related to a delinquent tax sale that was not budgeted.
- State revenue had a favorable variance of \$425 thousand due to small variances in state subsidies.
- Federal revenue had a favorable variance of \$2.9 million due to additional revenues from ACCESS Medicaid reimbursements of \$1.3 million, \$500 thousand in FEMA funds and various federal revenues variances.
- Operation of Plant and Maintenance had an unfavorable variance of \$3.6 million due to unbudgeted maintenance projects for roof repairs at two buildings and secure entry and security projects at six building sites.
- Regular Instruction had an unfavorable variance of \$2.4 million due to increased charter school tuition costs of \$1.4 million and \$900 thousand of technology needs for virtual instruction.
- Instructional staff services had a favorable variance of \$2.6 million due to unneeded maintenance and software costs budgeted but not required in 2020 as well as decreased staff development costs due to virtual learning.
- Revenues and other financing sources and expenses and other financing sources for 2019-2020 both exceeded budget by \$6.1 million due to an unbudgeted \$2.0 million capital lease, \$3.8 million collateralized debt and \$300 qualified school construction bonds expense resulting in a net zero effect on the overall budget variance.

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, 2020 amounts to \$195.0 million (net of accumulated depreciation). This represents an increase of \$21.3 million. The following table shows the breakdown of this figure.

	Governmental Activities	Business-Type Activities	Totals	
			2019	2020
Land	\$ 3,488,357	\$ -	\$ 3,488,357	\$ 3,488,357
Construction-in-progress	69,650,111	-	69,650,111	40,742,918
Buildings and improvements	229,418,726	-	229,418,726	229,418,726
Land improvements	6,866,664	-	6,866,664	6,866,664
Furniture and equipment	4,053,838	883,275	4,937,113	4,726,772
Vehicles	1,080,247	426,513	1,506,760	1,330,481
Less: Accumulated depreciation	<u>(119,986,410)</u>	<u>(957,634)</u>	<u>(120,944,044)</u>	<u>(112,953,232)</u>
Total	<u>\$ 194,571,533</u>	<u>\$ 352,154</u>	<u>\$ 194,923,687</u>	<u>\$ 173,620,686</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 completed renovations of Reynolds and continued renovations of Lincoln Middle Schools during this school year. Completion of these projects is expected by the end of the 2021 school year.

Additional information on the District's capital assets can be found in Note 5 on pages 54 and 55 of this report.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$162.2 million. This figure represents the outstanding principal due on these obligations.

	Outstanding at June 30, 2020
2010 QSCB	\$ 30,000,000
2011 Issue	520,000
2011 QSCB	34,789,000
2016 A Issue	19,985,000
2016 B Issue	18,310,000
2018 Issue	9,995,000
2019 Issue	9,995,000
2019 Series A	21,370,000
2019 Series B	<u>17,230,000</u>
Total	<u>\$162,194,000</u>

The District's total general obligation debt increased by \$15.2 million during the current fiscal year. In addition to general obligation debt, the District has \$2.6 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 \$488 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 \$338.0 million as of June 30, 2020. The District's net pension and other post employment liabilities increased by \$3.4 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 56 through 59 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 2020-2021 that will utilize over \$4.4 million of the fund reserves to balance the budget which equates to a \$6.8 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.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

- 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 and/or special education program expenses) over which the school district has no control.
- 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 2019-2020 was 34.29% and the rate for 2020-2021 is 34.51%. The projected rate for 2021-2022 is 34.95%. 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.
- Due to the current COVID-19 pandemic, the District has incurred a 30.4% increase in Charter School Tuition costs which has an estimated cost of \$1.8 million unbudgeted expenditure for the 2020-2021 fiscal year.
- The District is experiencing a 6% enrollment decline due to the pandemic and will cause a shift in resources in future years.
- Local tax revenues are projected to decline due to a slow economy as a result of COVID-19 and its impact on unemployment in the community.
- Interest rates are showing signs of a record decline during the 3rd quarter of 2020 which has not been seen since 2008.
- The District's Phase III construction projects for the 2020-2021 include the continued renovations at Reynolds Middle School, Lincoln Middle School, and the continued construction of a new building for Buchanan Elementary School. The district secured additional funding of \$38.6 million. Funding for Wickersham Elementary renovations in the amount of \$26 million are included in 2020-2021 funding plans.
- Budget focus areas for the 2020-2021 year continue to include Teaching & Learning, Student Centered Climate & Culture, Community Engagement and Operational Effectiveness.
- On March 13, 2020, the Governor of Pennsylvania closed the 500 school districts in the state due to COVID-19 health data. However, the Governor mandated the school districts to continue to pay the salaries and benefits to all staff through June 30, 2020. The District pivoted to online instructions and deployed over 1,000 iPads to students in grades K-12. Additional enhanced cleaning costs, personal and protective equipment and technology needs are being funded by the Federal CARES Act grants. As of November, only elementary and severe special needs students had returned to in classroom instruction. The middle and high school students have remained virtual for the entire 2020-2021 school year to date.

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, 3rd floor, Lancaster, PA 17603, or by calling (717) 291-6129 during business hours.

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2020 with summarized comparative data for June 30, 2019

	Governmental	Business-type	Totals	
	Activities	Activities	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 72,466,902	\$ 50,018	\$ 72,516,920	\$ 77,283,396
Investments	240,000	-	240,000	240,000
Taxes receivable	1,623,939	-	1,623,939	1,725,166
Pledged taxes receivable	2,289,321	-	2,289,321	1,045,139
Internal balances	(5,690,347)	5,690,347	-	-
Due from other governments	26,069,247	412,831	26,482,078	19,929,221
Other receivables	2,835,469	4,137	2,839,606	3,271,840
Other assets	646,582	-	646,582	1,031,090
Inventories	301,029	207,817	508,846	332,257
Prepaid expenses	97,509	-	97,509	1,281,254
Prepaid bond insurance costs	225,790	-	225,790	181,148
Restricted assets				
Cash and cash equivalents with fiscal agent	7,355	-	7,355	7,619
Investments with fiscal agent	14,988,032	-	14,988,032	10,198,550
Capital assets				
Land	3,488,357	-	3,488,357	3,488,357
Construction-in-progress	69,650,111	-	69,650,111	40,742,918
Buildings and improvements	229,418,726	-	229,418,726	229,418,726
Land improvements	6,866,664	-	6,866,664	6,866,664
Furniture and equipment	4,053,838	883,275	4,937,113	4,726,772
Vehicles	1,080,247	426,513	1,506,760	1,330,481
Accumulated depreciation	(119,986,410)	(957,634)	(120,944,044)	(112,953,232)
Total assets	310,672,361	6,717,304	317,389,665	290,147,366
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension items	48,238,560	826,905	49,065,465	46,378,016
Deferred charges on bond refunding	883,502	-	883,502	1,646,636
Deferred charges on proportionate share of OPEB items	2,022,163	35,260	2,057,423	1,378,753
Deferred charges on district OPEB items	1,860,573	-	1,860,573	1,941,709
Total deferred outflows of resources	53,004,798	862,165	53,866,963	51,345,114
Total assets and deferred outflows of resources	363,677,159	7,579,469	371,256,628	341,492,480
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
LIABILITIES				
Accounts payable	13,781,993	144,515	13,926,508	15,689,489
Accrued salaries and benefits	27,844,025	391,725	28,235,750	27,031,784
Accrued interest	1,465,065	-	1,465,065	1,461,237
Unearned revenues	502,244	-	502,244	470,950
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	9,600,000	-	9,600,000	8,805,000
Capital leases payable	1,081,771	-	1,081,771	952,750
Accumulated compensated absences/accrued retirement bonus	367,574	4,352	371,926	167,876
Portion due or payable after one year:				
Bonds payable	164,001,010	-	164,001,010	145,479,417
Capital leases payable	1,498,063	-	1,498,063	582,417
Collateralized borrowing	3,501,876	-	3,501,876	3,034,698
Net pension liability - district PSERS proportionate share	293,219,414	5,066,586	298,286,000	293,742,000
Net OPEB liability - district PSERS OPEB proportionate share	13,330,852	230,148	13,561,000	12,758,000
Total OPEB liability - district OPEB	26,053,144	-	26,053,144	27,994,552
Accumulated compensated absences/accrued retirement bonus	3,910,398	46,296	3,956,694	4,514,379
Total liabilities	560,157,429	5,883,622	566,041,051	542,684,549
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension items	10,645,992	172,702	10,818,694	5,072,932
Deferred credits on proportionate share of OPEB items	406,293	7,617	413,910	493,620
Deferred credits on district OPEB items	6,868,859	-	6,868,859	3,444,932
Total liabilities and deferred inflows of resources	17,921,144	180,319	18,101,463	9,011,484
Total liabilities and deferred inflows of resources	578,078,573	6,063,941	584,142,514	551,696,033
NET POSITION (DEFICIT)				
Net investment in capital assets	26,460,432	352,154	26,812,586	24,980,209
Restricted for debt service	14,995,387	-	14,995,387	10,206,169
Restricted for capital projects	13,222,105	-	13,222,105	13,041,948
Unrestricted (deficit)	(269,079,338)	1,163,374	(267,915,964)	(258,431,879)
Total net position (deficit)	\$ (214,401,414)	\$ 1,515,528	\$ (212,885,886)	\$ (210,203,553)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF ACTIVITIES

Year ended June 30, 2020 with summarized comparative data for the year ended June 30, 2019

	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	
							2020	2019
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 150,937,605	\$ 2,466,472	\$ 54,486,116	\$ -	\$ (93,985,017)	\$ -	\$ (93,985,017)	\$ (93,505,740)
Instructional student support	29,300,358	-	4,077,407	-	(25,222,951)	-	(25,222,951)	(25,886,736)
Administrative and financial support services	23,152,269	-	2,932,668	-	(20,219,601)	-	(20,219,601)	(20,791,519)
Operation and maintenance of plant services	15,429,862	-	316,949	-	(15,112,913)	-	(15,112,913)	(13,390,340)
Pupil transportation	5,946,527	-	4,198,739	-	(1,747,788)	-	(1,747,788)	(3,449,960)
Student activities	1,874,008	63,396	244,652	-	(1,565,960)	-	(1,565,960)	(1,728,406)
Community services	563,350	7,933	11,805	-	(543,612)	-	(543,612)	(499,362)
Interest on long-term debt	7,814,218	-	4,978,265	-	(2,835,953)	-	(2,835,953)	(531,714)
Total governmental activities	<u>235,018,197</u>	<u>2,537,801</u>	<u>71,246,601</u>	<u>-</u>	<u>(161,233,795)</u>	<u>-</u>	<u>(161,233,795)</u>	<u>(159,783,777)</u>
BUSINESS-TYPE ACTIVITIES								
Food service	6,791,769	548,959	6,318,981	-	-	76,171	76,171	1,122,330
Total primary government	<u>\$ 241,809,966</u>	<u>\$ 3,086,760</u>	<u>\$ 77,565,582</u>	<u>\$ -</u>	<u>(161,233,795)</u>	<u>76,171</u>	<u>(161,157,624)</u>	<u>(158,661,447)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					75,685,783	-	75,685,783	73,129,795
Earned income tax					7,719,169	-	7,719,169	7,615,280
Transfer tax					1,819,520	-	1,819,520	2,626,132
Local services tax					225,972	-	225,972	164,785
Grants and entitlements not restricted to specific programs					68,746,765	-	68,746,765	67,618,836
Investment earnings					3,018,134	2,830	3,020,964	2,753,178
Miscellaneous					1,257,118	-	1,257,118	1,131,486
TRANSFERS					269,712	(269,712)	-	-
Total general revenues and transfers					<u>158,742,173</u>	<u>(266,882)</u>	<u>158,475,291</u>	<u>155,039,492</u>
CHANGE IN NET POSITION (DEFICIT)					(2,491,622)	(190,711)	(2,682,333)	(3,621,955)
NET POSITION (DEFICIT)								
Beginning of year					(211,909,792)	1,706,239	(210,203,553)	(206,581,598)
End of year					<u>\$ (214,401,414)</u>	<u>\$ 1,515,528</u>	<u>\$ (212,885,886)</u>	<u>\$ (210,203,553)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020 with summarized comparative data for June 30, 2019

	Major Funds			Totals	
	General	Capital	Debt	2020	2019
	Fund	Project Funds	Service		
ASSETS					
Cash and cash equivalents	\$36,482,745	\$24,734,766	\$ -	\$ 61,217,511	\$ 64,958,404
Investments	240,000	-	-	240,000	240,000
Restricted assets					
Cash and cash equivalents with fiscal agent	-	-	7,355	7,355	7,619
Investments with fiscal agent	-	-	14,988,032	14,988,032	10,198,550
Taxes receivable	4,479,232	-	-	4,479,232	3,728,774
Due from other funds	239,507	-	-	239,507	-
Due from other governments	25,198,336	-	-	25,198,336	18,724,769
Other receivables	2,827,192	1,244	-	2,828,436	3,260,438
Other assets	646,582	-	-	646,582	1,031,090
Inventories	301,029	-	-	301,029	200,150
Prepaid items	97,509	-	-	97,509	31,004
Total assets	\$70,512,132	\$24,736,010	\$14,995,387	\$110,243,529	\$102,380,798
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ 2,383,148	\$ -	\$ 2,383,148	\$ 1,065,747
Accounts payable	7,676,990	4,524,350	-	12,201,340	13,518,575
Accrued salaries, payroll withholdings and benefits	27,844,025	-	-	27,844,025	26,680,385
Unearned revenues	502,244	-	-	502,244	470,950
Total liabilities	36,023,259	6,907,498	-	42,930,757	41,735,657
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	3,501,875	-	-	3,501,875	3,034,697
FUND BALANCES					
Nonspendable					
Inventories	301,029	-	-	301,029	200,150
Prepaid items	97,509	-	-	97,509	31,004
Restricted for					
Debt service	-	-	14,995,387	14,995,387	10,206,169
Capital projects	-	17,828,512	-	17,828,512	17,039,252
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	198,215	-	-	198,215	138,476
Unassigned	24,140,245	-	-	24,140,245	23,745,393
Total fund balances	30,986,998	17,828,512	14,995,387	63,810,897	57,610,444
Total liabilities, deferred inflows of resources and liabilities	\$70,512,132	\$24,736,010	\$14,995,387	\$110,243,529	\$102,380,798

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

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

June 30, 2020

TOTAL GOVERNMENTAL FUND BALANCES		\$ 63,810,897
<p>Amounts reported for governmental activities in the statement of net position (deficit) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land	\$ 3,488,357	
Construction in progress	69,650,111	
Buildings and improvements	229,418,726	
Land improvements	6,866,664	
Furniture and equipment	4,053,838	
Vehicles	1,080,247	
Accumulated depreciation	<u>(119,986,410)</u>	194,571,533
<p>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.</p>		
		6,129,065
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:</p>		
Bonds payable	(173,601,010)	
Capital leases payable	(2,579,834)	
Collateralized borrowing	(3,501,876)	
Accumulated compensated absences/accrued retirement bonus	(4,277,972)	
Net pension liability	(293,219,414)	
Net PSERS OPEB liability	(13,330,852)	
Total district OPEB liability	(26,053,144)	
Accrued interest	<u>(1,465,065)</u>	(518,029,167)
<p>Refunded bonds resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights.</p>		
		883,502
<p>Prepaid bond issuance costs resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights.</p>		
		225,790
<p>Deferred charges on proportionate share of pension items</p>		
		48,238,560
<p>Deferred charges on proportionate share of OPEB items</p>		
		3,882,736
<p>Deferred credits on proportionate share of pension items</p>		
		(10,645,992)
<p>Deferred credits on OPEB items</p>		
		(7,275,152)
<p>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.</p>		
		870,910
<p>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 less pledged revenues available in clearing account. See footnote 7.</p>		
		<u>2,935,904</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		<u>\$ (214,401,414)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30, 2020 with summarized comparative data for the year ended June 30, 2019

	Major Funds			Totals	
	General Fund	Capital Project Funds	Debt Service	2020	2019
REVENUES					
Local sources	\$ 89,752,565	\$ 400,115	\$ 1,689,380	\$ 91,842,060	\$ 91,133,087
State sources	118,827,474	-	-	118,827,474	113,505,116
Federal sources	20,724,878	-	-	20,724,878	19,206,516
Total revenues	<u>229,304,917</u>	<u>400,115</u>	<u>1,689,380</u>	<u>231,394,412</u>	<u>223,844,719</u>
EXPENDITURES					
Current:					
Instruction	139,522,870	-	-	139,522,870	135,697,513
Support services	70,992,428	-	-	70,992,428	68,561,528
Operation of noninstructional services	2,362,224	-	-	2,362,224	2,527,343
Facilities acquisition, construction, and improvement services	2,239,373	-	-	2,239,373	1,299,709
Capital outlay	-	24,610,855	-	24,610,855	31,708,341
Debt service:					
Principal	8,688,865	-	-	8,688,865	8,112,010
Interest	8,070,515	-	-	8,070,515	6,407,482
Bond issuance costs	-	487,925	-	487,925	305,099
Total expenditures	<u>231,876,275</u>	<u>25,098,780</u>	<u>-</u>	<u>256,975,055</u>	<u>254,619,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,571,358)</u>	<u>(24,698,665)</u>	<u>1,689,380</u>	<u>(25,580,643)</u>	<u>(30,774,306)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	6,023,459	21,370,000	-	27,393,459	24,528,558
Issuance of refunding debt	-	17,280,000	-	17,280,000	-
Premium on issuance of debt	-	5,304,252	-	5,304,252	718,973
Payment to refunded debt escrow agent	-	(18,466,327)	-	(18,466,327)	-
Transfers in	269,712	-	3,099,838	3,369,550	3,463,732
Transfers out	(3,099,838)	-	-	(3,099,838)	(3,172,449)
Total other financing sources (uses)	<u>3,193,333</u>	<u>25,487,925</u>	<u>3,099,838</u>	<u>31,781,096</u>	<u>25,538,814</u>
NET CHANGES IN FUND BALANCE	621,975	789,260	4,789,218	6,200,453	(5,235,492)
FUND BALANCES					
Beginning of year	<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>
End of year	<u>\$ 30,986,998</u>	<u>\$ 17,828,512</u>	<u>\$ 14,995,387</u>	<u>\$ 63,810,897</u>	<u>\$ 57,610,444</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, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 6,200,453
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 (\$29,293,813) exceeded depreciation (\$7,907,393) in the period.	21,386,420
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.	859,674
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.	(467,178)
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.	(666,560)
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 proceeds exceeded repayments.	(16,214,668)
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.	(4,865,085)
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.	(7,473,074)
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.	2,780
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	(3,828)
Increase in OPEB liability	(1,607,515)
Decrease in compensated absences	356,959
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,491,622)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

BUDGETARY COMPARISON STATEMENT - GENERAL FUND

Year ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 86,573,664	\$ 86,573,664	\$ 89,752,565	\$ 3,178,901
State sources	118,402,037	118,402,037	118,827,474	425,437
Federal sources	17,804,597	17,804,597	20,724,878	2,920,281
Total revenues	<u>222,780,298</u>	<u>222,780,298</u>	<u>229,304,917</u>	<u>6,524,619</u>
EXPENDITURES				
Instruction				
Regular programs	87,159,630	87,159,630	89,552,152	(2,392,522)
Special programs	36,291,215	36,291,215	34,533,615	1,757,600
Vocational programs	2,159,790	2,159,790	2,024,718	135,072
Other instructional programs	7,914,609	7,914,609	8,023,527	(108,918)
Nonpublic school programs	-	-	38,834	(38,834)
Community/junior college education programs	115,000	115,000	76,138	38,862
Pre-kindergarten programs	5,070,750	5,070,750	5,273,886	(203,136)
Total instruction	<u>138,710,994</u>	<u>138,710,994</u>	<u>139,522,870</u>	<u>(811,876)</u>
Support services				
Pupil personnel services	12,739,683	12,739,683	12,396,988	342,695
Instructional staff services	14,581,500	14,581,500	11,960,570	2,620,930
Administrative services	12,217,507	12,217,507	12,244,764	(27,257)
Pupil health	2,558,876	2,558,876	2,836,291	(277,415)
Business services	3,151,918	3,151,918	3,466,023	(314,105)
Operation and maintenance of plant services	13,366,353	13,366,353	16,970,281	(3,603,928)
Student transportation services	6,057,932	6,057,932	5,930,344	127,588
Central support services	5,385,333	5,385,333	5,142,252	243,081
Other support services	45,000	45,000	44,915	85
Total support services	<u>70,104,102</u>	<u>70,104,102</u>	<u>70,992,428</u>	<u>(888,326)</u>
Operation of noninstructional services				
Student activities	1,902,034	1,902,034	1,802,340	99,694
Community services	452,264	452,264	559,884	(107,620)
Total operation of noninstructional services	<u>2,354,298</u>	<u>2,354,298</u>	<u>2,362,224</u>	<u>(7,926)</u>
Facilities acquisition, construction, and improvement services				
Existing building improvement services	2,200,000	2,200,000	2,239,373	(39,373)
Total facilities, construction and improvement services	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,239,373</u>	<u>(39,373)</u>
Debt service				
Principal	5,500,495	5,500,495	8,688,865	(3,188,370)
Interest	8,191,885	8,191,885	8,070,515	121,370
Total debt service	<u>13,692,380</u>	<u>13,692,380</u>	<u>16,759,380</u>	<u>(3,067,000)</u>
Total expenditures	<u>227,061,774</u>	<u>227,061,774</u>	<u>231,876,275</u>	<u>(4,814,501)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,281,476)</u>	<u>(4,281,476)</u>	<u>(2,571,358)</u>	<u>1,710,118</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,900,000	2,900,000	6,023,459	3,123,459
Transfers in	250,000	250,000	269,712	19,712
Transfers out	(3,380,000)	(3,380,000)	(3,099,838)	280,162
Total other financing sources (uses)	<u>(230,000)</u>	<u>(230,000)</u>	<u>3,193,333</u>	<u>3,423,333</u>
NET CHANGE IN FUND BALANCE	<u>(4,511,476)</u>	<u>(4,511,476)</u>	<u>621,975</u>	<u>5,133,451</u>
FUND BALANCE				
Beginning of year	30,365,023	30,365,023	30,365,023	-
End of year	<u>\$ 25,853,547</u>	<u>\$ 25,853,547</u>	<u>\$ 30,986,998</u>	<u>\$ 5,133,451</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

June 30, 2020 with summarized comparative data for June 30, 2019

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food</u>	<u>Internal</u>		
	<u>Service</u>	<u>Service</u>	<u>2020</u>	<u>2019</u>
	<u>Fund</u>	<u>Fund</u>		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 50,018	\$11,249,391	\$11,299,409	\$12,324,992
Due from other governments	412,831	-	412,831	336,319
Due from other funds	5,690,347	-	5,690,347	5,602,593
Other receivables	4,137	7,033	11,170	11,402
Inventories	207,817	-	207,817	132,107
Prepaid expense	-	-	-	1,250,250
Total current assets	<u>6,365,150</u>	<u>11,256,424</u>	<u>17,621,574</u>	<u>19,657,663</u>
CAPITAL ASSETS				
Furniture and equipment	883,275	-	883,275	883,275
Vehicles	426,513	-	426,513	426,513
Accumulated depreciation	(957,634)	-	(957,634)	(874,215)
Capital assets, net	<u>352,154</u>	<u>-</u>	<u>352,154</u>	<u>435,573</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension items	826,905	-	826,905	781,218
Deferred charges on proportionate share of OPEB items	35,260	-	35,260	23,723
Total deferred outflows of resources	<u>862,165</u>	<u>-</u>	<u>862,165</u>	<u>804,941</u>
Total assets and deferred outflows of resources	<u>7,579,469</u>	<u>11,256,424</u>	<u>18,835,893</u>	<u>20,898,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	144,515	1,580,653	1,725,168	2,170,914
Accrued salaries, payroll withholdings and benefits	391,725	-	391,725	351,399
Due to other funds	-	3,546,706	3,546,706	4,536,846
Accrued compensated absences	4,352	-	4,352	2,366
Total current liabilities	<u>540,592</u>	<u>5,127,359</u>	<u>5,667,951</u>	<u>7,061,525</u>
NONCURRENT LIABILITIES				
Accrued compensated absences/retirement bonuses	46,296	-	46,296	44,958
Net pension liability - district PSERS proportionate share	5,066,586	-	5,066,586	4,989,338
Net OPEB liability - district PSERS proportionate share	230,148	-	230,148	216,497
Total noncurrent liabilities	<u>5,343,030</u>	<u>-</u>	<u>5,343,030</u>	<u>5,250,793</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension items	172,702	-	172,702	75,024
Deferred credits on proportionate share of OPEB items	7,617	-	7,617	8,971
Total deferred inflows of resources	<u>180,319</u>	<u>-</u>	<u>180,319</u>	<u>83,995</u>
Total liabilities and deferred inflows of resources	<u>6,063,941</u>	<u>5,127,359</u>	<u>11,191,300</u>	<u>12,396,313</u>
NET POSITION				
Investment in capital assets	352,154	-	352,154	435,573
Unrestricted	1,163,374	6,129,065	7,292,439	8,066,291
TOTAL NET POSITION	<u>\$ 1,515,528</u>	<u>\$ 6,129,065</u>	<u>\$ 7,644,593</u>	<u>\$ 8,501,864</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30, 2020 with summarized comparative data for the year ended June 30, 2019

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Internal Service Fund</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES				
Charges for services	\$ 548,959	\$22,333,257	\$22,882,216	\$21,782,174
OPERATING EXPENSES				
Salaries	1,650,125	-	1,650,125	1,549,368
Employee benefits	1,456,801	21,648,531	23,105,332	23,607,012
Claims administration and stop loss insurance	-	1,490,723	1,490,723	1,273,520
Purchased professional and technical service	16,386	-	16,386	34,738
Purchased property service	55,952	-	55,952	55,212
Other purchased service	632	-	632	1,347
Supplies	3,515,925	-	3,515,925	4,100,775
Depreciation	83,418	-	83,418	91,004
Minor equipment	11,910	-	11,910	49,745
Dues and fees	620	16,048	16,668	60,412
Total operating expenses	<u>6,791,769</u>	<u>23,155,302</u>	<u>29,947,071</u>	<u>30,823,133</u>
Operating loss	<u>(6,242,810)</u>	<u>(822,045)</u>	<u>(7,064,855)</u>	<u>(9,040,959)</u>
NONOPERATING REVENUES				
Earnings on investments	2,830	155,485	158,315	245,320
State sources	527,818	-	527,818	578,219
Federal sources	5,791,163	-	5,791,163	7,124,648
Total nonoperating revenues	<u>6,321,811</u>	<u>155,485</u>	<u>6,477,296</u>	<u>7,948,187</u>
Income (loss) before transfers	79,001	(666,560)	(587,559)	(1,092,772)
TRANSFERS OUT	<u>(269,712)</u>	<u>-</u>	<u>(269,712)</u>	<u>(291,283)</u>
CHANGE IN NET POSITION	(190,711)	(666,560)	(857,271)	(1,384,055)
NET POSITION				
Beginning of year	<u>1,706,239</u>	<u>6,795,625</u>	<u>8,501,864</u>	<u>9,885,919</u>
End of year	<u>\$1,515,528</u>	<u>\$ 6,129,065</u>	<u>\$ 7,644,593</u>	<u>\$ 8,501,864</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2020 with summarized comparative data for the year ended June 30, 2019

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Internal Service Fund</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 556,224	\$ -	\$ 556,224	\$ 659,825
Cash received from assessments made to other funds	-	21,336,084	21,336,084	22,875,421
Cash payments to employees for services	(2,933,277)	-	(2,933,277)	(2,785,117)
Cash payments for insurance services	-	(22,410,030)	(22,410,030)	(22,339,354)
Cash payments to suppliers for goods and services	(3,617,903)	-	(3,617,903)	(4,141,252)
Cash payments for interfund services used	(87,754)	-	(87,754)	(2,171,193)
Net cash used for operating activities	(6,082,710)	(1,073,946)	(7,156,656)	(7,901,670)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	530,322	-	530,322	614,677
Federal sources	5,712,146	-	5,712,146	8,005,459
Transfers out	(269,712)	-	(269,712)	(291,283)
Net cash provided by noncapital financing activities	5,972,756	-	5,972,756	8,328,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	-	(52,570)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	2,832	155,485	158,317	245,318
Proceeds from sale of investments	-	-	-	9,500,000
Net cash provided by investing activities	2,832	155,485	158,317	9,745,318
Net increase (decrease) in cash and cash equivalents	(107,122)	(918,461)	(1,025,583)	10,119,931
CASH AND CASH EQUIVALENTS				
Beginning of year	157,140	12,167,852	12,324,992	2,205,061
End of year	\$ 50,018	\$ 11,249,391	\$ 11,299,409	\$ 12,324,992
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Income (loss)	\$ (6,242,810)	\$ (822,045)	\$ (7,064,855)	\$ (9,040,959)
Adjustments to reconcile operating income (loss) to net cash used for operating activities				
Depreciation	83,418	-	83,418	91,004
(Increase) decrease in				
Other receivables	7,265	(7,033)	232	2,890
Due from other funds	(87,754)	-	(87,754)	(2,171,193)
Inventories	(75,710)	-	(75,710)	33,813
Prepaid expenses	-	1,250,250	1,250,250	292,500
Deferred outflows - pension items	(45,687)	-	(45,687)	155,090
Deferred outflows - OPEB items	(11,537)	-	(11,537)	(6,429)
Increase (decrease) in				
Due to other funds	-	(990,140)	(990,140)	1,750,182
Accounts payable	59,232	(504,978)	(445,746)	1,020,610
Accrued salaries and benefits	40,326	-	40,326	24,550
Accrued compensated absences/retirement bonuses	3,324	-	3,324	(12,868)
Net pension liability	77,248	-	77,248	(86,819)
Net OPEB liability	13,651	-	13,651	7,310
Deferred inflows - pension items	97,678	-	97,678	40,109
Deferred inflows - OPEB items	(1,354)	-	(1,354)	(1,460)
Net cash used for operating activities	\$ (6,082,710)	\$ (1,073,946)	\$ (7,156,656)	\$ (7,901,670)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2020

	<u>Totals</u>	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	<u>\$226,875</u>	<u>\$193,124</u>
Total assets	<u>226,875</u>	<u>193,124</u>
LIABILITIES		
Other current liabilities	<u>100,508</u>	<u>96,916</u>
Total liabilities	<u>100,508</u>	<u>96,916</u>
NET POSITION		
Restricted for homeless activities	18,904	(1,169)
Restricted for student activities	<u>107,463</u>	<u>97,377</u>
Total net position	<u>\$126,367</u>	<u>\$ 96,208</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2020

	<u>Totals</u>	
	<u>2020</u>	<u>2019</u>
ADDITIONS		
Local contributions	\$ 98,755	\$134,206
	<u>98,755</u>	<u>134,206</u>
DEDUCTIONS		
Homeless expenses	-	7,886
Student activity expenses	<u>68,596</u>	<u>111,580</u>
Total deductions	<u>68,596</u>	<u>119,466</u>
CHANGE IN NET POSITION	30,159	14,740
NET POSITION		
Beginning of year	<u>96,208</u>	<u>81,468</u>
End of year	<u>\$126,367</u>	<u>\$ 96,208</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(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, 2020 was \$726,250. 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

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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 2019-2020 totaled \$123,526.

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

Year ended June 30:

2021	\$ 120,061
2022	119,958
2023	119,491
2024	118,991
2025	119,301
2026-2030	593,273
2031-2035	585,348
2036-2037	<u>233,453</u>
	<u>\$2,009,876</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, 2020. 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

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June 30, 2020

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.

The Debt Service 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.

SCHOOL DISTRICT OF LANCASTER

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June 30, 2020

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 proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year. The food service fund is considered a major fund.

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 a custodial fund. The custodial fund accounts for funds held on behalf of students of the District. Fiduciary funds are accounted for using the accrual basis of accounting.

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.

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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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The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2019-2020 was 21.8734 mills (\$21.87 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

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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.

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- **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, 2020, fund balances are classified as follows:

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Inventories	\$ 301,029	\$ -	\$ -	\$ 301,029
Prepaid items	97,509	-	-	97,509
Restricted for				
Debt service	-	-	14,995,387	14,995,387
Capital projects	-	17,828,512	-	17,828,512
Committed to				
Security projects	1,000,000	-	-	1,000,000
Technology projects	2,500,000	-	-	2,500,000
Assigned to				
Repairs and maintenance contingency	2,750,000	-	-	2,750,000
Student activities	198,215	-	-	198,215
Unassigned	<u>24,140,245</u>	<u>-</u>	<u>-</u>	<u>24,140,245</u>
Total fund balances	<u>\$30,986,998</u>	<u>\$17,828,512</u>	<u>\$14,995,387</u>	<u>\$63,810,897</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 \$14,995,387 at June 30, 2020, which are invested in U.S. Treasury securities.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Implementation of 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. The impact of this statement has been reflected in these financial statements.

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. The implementation of this standard did not have a material impact on these financial statements.

New Accounting Pronouncements

GASB Statement No. 87, "*Leases*", will be effective for the District for the year ended June 30, 2022. 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, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

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.

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.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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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, 2020:

Regular programs	\$2,392,522
Other instructional programs	108,918
Nonpublic school programs	38,834
Pre-kindergarten programs	203,136
Administrative services	27,257
Pupil health	277,415
Business services	314,105
Operation and maintenance of plant services	3,603,928
Community services	107,620
Existing building improvement services	39,373

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, 2020, the carrying amount of the District's deposits was \$72,751,150 and the bank balance was \$76,320,580. Of the bank balance, \$262,112 was covered by federal depository insurance and \$22,205,527 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, 2020, PSDLAF was rated as AAAM by Standard and Poor's.

Reconciliation to Financial Statements

Uninsured Amounts	\$22,205,527
Insured Amount	262,112
Reconciling Items	<u>(3,569,429)</u>
Carrying Amount, Bank Balances	18,898,210
Pooled Cash Equivalents in Government Investment Pools	<u>53,852,940</u>
	<u>\$72,751,150</u>

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Investments

As of June 30, 2020, 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	14,988,032	-	-	14,988,032
	<u>\$15,228,032</u>	<u>\$240,000</u>	<u>\$ -</u>	<u>\$14,988,032</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, 2020, the District's investments were rated as follows:

<u>Investments</u>	<u>Standard & 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, 2020, 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.

(5) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,488,357	\$ -	\$ -	\$ 3,488,357
Construction-in-progress	40,742,918	28,907,193	-	69,650,111
Total capital assets not being depreciated	<u>44,231,275</u>	<u>28,907,193</u>	<u>-</u>	<u>73,138,468</u>

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Capital assets being depreciated				
Buildings and improvements	229,418,726	-	-	229,418,726
Land improvements	6,866,664	-	-	6,866,664
Furniture and equipment	3,843,497	210,341	-	4,053,838
Vehicles	<u>903,968</u>	<u>176,279</u>	-	<u>1,080,247</u>
Total capital assets being depreciated	<u>241,032,855</u>	<u>386,620</u>	-	<u>241,419,475</u>
Less: accumulated depreciation for				
Buildings and improvements	103,270,345	7,182,050	-	110,452,395
Land improvements	6,520,267	99,337	-	6,619,604
Furniture and equipment	1,594,689	575,670	-	2,170,359
Vehicles	<u>693,716</u>	<u>50,336</u>	-	<u>744,052</u>
Total accumulated depreciation	<u>112,079,017</u>	<u>7,907,393</u>	-	<u>119,986,410</u>
Total capital assets being depreciated, net	<u>128,953,838</u>	<u>(7,520,773)</u>	-	<u>121,433,065</u>
Government activities assets, net	<u>\$173,185,113</u>	<u>\$21,386,420</u>	<u>\$ -</u>	<u>\$194,571,533</u>
Business-type activities				
Capital asset being depreciated				
Furniture and equipment	\$ 883,275	\$ -	\$ -	\$ 883,275
Vehicles	426,513	-	-	426,513
Less: A/D – furniture and equipment	565,194	56,703	-	621,897
Less: A/D – vehicles	<u>309,021</u>	<u>26,715</u>	-	<u>335,736</u>
Business-type capital assets, net	<u>\$ 435,573</u>	<u>\$ (83,418)</u>	<u>\$ -</u>	<u>\$ 352,155</u>

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

Governmental activities	
Instruction	\$5,392,685
Instructional Student Support	1,051,067
Administrative and Financial Support Services	807,725
Operation and Maintenance of Plant Services	<u>655,916</u>
Total depreciation expense – governmental activities	<u>\$7,907,393</u>
Depreciation expense – business-type activities	<u>\$ 83,418</u>

(6) INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 3,546,706	Self-Insurance Fund	\$ 3,546,706
General Fund	2,383,148	Capital Projects Fund	2,383,148
Food Service Fund	<u>5,690,347</u>	General Fund	<u>5,690,347</u>
	<u>\$11,620,201</u>		<u>\$11,620,201</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.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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<u>Transfers Out</u>	<u>Amount</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	\$ 3,099,838	Debt Service Fund	\$ 3,099,838
Food Service Fund	<u>269,712</u>	General Fund	<u>269,712</u>
	<u>\$ 3,369,550</u>		<u>\$ 3,369,550</u>

Transfers are used to 1) fund the Debt Service Fund as debt service maturities become due, 2) reimburse the general fund for general administrative costs of administering the food service program.

(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, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation debt	\$147,024,000	\$38,650,000	\$23,480,000	\$162,194,000	\$ 9,600,000
Deferred amounts					
Bond discounts	(18,995)	-	(9,497)	(9,498)	-
Bond premiums	<u>7,279,412</u>	<u>5,304,252</u>	<u>1,167,156</u>	<u>11,416,508</u>	<u>-</u>
Total general obligation debt	154,284,417	43,954,252	24,637,659	173,601,010	9,600,000
Collateralized borrowing	3,034,698	4,026,043	3,558,865	3,501,876	-
Capital leases	1,535,167	1,997,417	952,750	2,579,834	1,081,771
Compensated absences	4,634,931	106,535	463,494	4,277,972	367,574
Net pension liability	288,752,662	4,466,752	-	293,219,414	-
Net OPEB liability	<u>40,536,055</u>	<u>789,349</u>	<u>1,941,408</u>	<u>39,383,996</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$492,777,930</u>	<u>\$55,340,348</u>	<u>\$31,554,176</u>	<u>\$516,564,102</u>	<u>\$11,049,345</u>
Business-type activities					
Compensated absences	\$ 47,324	\$ 8,056	\$ 4,732	\$ 50,648	\$ 4,352
Net pension liability	4,989,338	77,248	-	5,066,586	-
Net OPEB liability	<u>216,497</u>	<u>13,651</u>	<u>-</u>	<u>230,148</u>	<u>-</u>
	<u>\$ 5,253,159</u>	<u>\$ 98,955</u>	<u>\$ 4,732</u>	<u>\$ 5,347,382</u>	<u>\$ 4,352</u>

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.

520,000

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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, 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.	19,985,000
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.	18,310,000
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.	9,995,000
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.	9,995,000
General Obligation Bonds, Series A of 2019, principal amount \$21,370,000 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, 2033, bearing interest of 5.0%. Interest is paid semiannually on December 1 and June 1.	21,370,000
General Obligation Bonds, Series B of 2019, principal amount \$17,280,000 was issued to: 1) currently refund the outstanding General Obligation Series of 2015; (2) currently refund the outstanding General Obligation Series of 2017; and (3) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2027, bearing interest of 4.0%. Interest is paid semiannually on December 1 and June 1.	<u>17,230,000</u>
Total general obligation bonds	<u>\$162,194,000</u>

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>
2021	\$ 9,600,000	\$ 8,144,031	\$ 17,744,031
2022	9,855,000	7,781,483	17,636,483
2023	10,095,000	7,393,400	17,488,400
2024	10,395,000	7,033,160	17,428,160
2025	10,700,000	6,684,373	17,384,373
2026-2030	53,159,000	25,156,767	78,315,767
2031-2035	<u>45,520,000</u>	<u>5,978,650</u>	<u>51,498,650</u>
Total	149,324,000	<u>\$68,171,864</u>	<u>\$217,495,864</u>
Deposits into sinking fund	<u>12,870,000</u>		
	<u>\$162,194,000</u>		

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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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.

Advance Refunding of Debt

On November 2019, the District issued \$17,280,000 in General Obligation Bonds, Series B of 2019. The purpose of this issue was to provide funds to advance refund the outstanding General Obligation Bonds, Series of 2015 and General Obligation Note, Series of 2017. The District refunded series 2015 and 2017 to reduce its debt service payments over the next eight years by \$222,469 to obtain an economic gain of \$246,218.

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:

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
2020	4,026,042

The proceeds above were deposited in the General Fund. The borrowing is repayable from the pledged revenues through March 1, 2024. 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, 2020 were \$3,558,865 and \$126,846. Pledged revenues collected during the same period were \$2,349,061. The excess of revenues collected over principal and interest paid since inception of the program in 2011 is \$565,972, 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.

SCHOOL DISTRICT OF LANCASTER

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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, 2020, are as follows:

Capital assets	\$ 314,557,943
Deferred outflows of resources	883,502
Unspent debt proceeds	4,606,407
Accumulated depreciation	<u>(119,986,410)</u>
	200,061,442
Total outstanding debt	<u>173,601,010</u>
Net investment in capital assets	<u>\$ 26,460,432</u>

(9) LEASES

Capital Leases

The District has entered into long-term lease agreements for computer equipment totaling \$3,744,667. 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.

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

Year ending June 30,

2021	\$1,081,771
2022	499,354
2023	499,354
2024	<u>499,355</u>
Total minimum lease payments	2,579,834
Less: Amount representing interest	<u>-</u>
Present value of minimum lease payments	<u>\$2,579,834</u>

Operating Leases

The District leases equipment under operating leases. Total cost for such leases was \$79,115 for the year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending June 30,

2021	\$ 53,689
2022	34,277
2023	18,910
2024	<u>6,983</u>
	<u>\$113,859</u>

SCHOOL DISTRICT OF LANCASTER

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(10) AUTHORIZED UNISSUED DEBT

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 \$21.37 million toward these capital improvement projects in fiscal year 2020, leaving a balance of \$24.63 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.

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.

SCHOOL DISTRICT OF LANCASTER

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

Contributions

Member Contributions

Active members who joined 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, 2020 was 33.45% 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 \$30,219,612 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$298,286,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was 0.6376 percent, which was an increase of 0.0257 percent from its proportion measured as of June 30, 2018. As of June 30, 2020, the net pension liability of \$293,219,414 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 \$5,066,586 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2020, the District recognized net pension expense of \$37,913,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 1,642,791	\$ 9,886,510
Changes in assumptions	2,851,487	-
Net difference between projected and actual investment earnings	-	854,467
Changes in proportions	14,295,000	-
Difference between employer contributions and proportionate share of total contributions	56,575	77,717
Contributions subsequent to the measurement date	<u>30,219,612</u>	<u>-</u>
	<u>\$49,065,465</u>	<u>\$10,818,694</u>

\$30,219,612 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2021	\$ 7,250,289
2022	(1,310,338)
2023	(460,552)
2024	<u>2,547,760</u>
	<u>\$ 8,027,159</u>

Actuarial Assumptions

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

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

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

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

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

SCHOOL DISTRICT OF LANCASTER

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0 %	5.6%
Fixed income	36.0 %	1.9%
Commodities	8.0 %	2.7%
Absolute return	10.0 %	3.4%
Risk parity	10.0 %	4.1%
Infrastructure/MLPs	8.0 %	5.5%
Real estate	10.0 %	4.1%
Alternative investments	15.0 %	7.4%
Cash	3.0 %	0.3%
Financing (LIBOR)	<u>(20.0)%</u>	0.7%
	<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, 2019.

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 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District's proportionate share of the net pension liability	<u>\$371,548,000</u>	<u>\$298,286,000</u>	<u>\$236,251,000</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.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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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, 2019, there were no assumed future benefit increases to participating eligible retirees.

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84% 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 \$758,878 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$13,561,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was 0.6376 percent, which was an increase of 0.0257 percent from its proportion measured as of June 30, 2018. As of June 30, 2020, the OPEB liability of \$13,330,852 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 \$230,148 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2020, the District recognized net OPEB expense of \$808,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 23,001	\$ -
Difference between expected and actual experience	76,244	-
Changes in assumptions	449,300	403,008
Changes in proportions	750,000	-
Difference between employer contributions and their proportionate share of total contributions	-	10,902
Contributions subsequent to the measurement date	<u>758,878</u>	<u>-</u>
	<u>\$2,057,423</u>	<u>\$413,910</u>

\$758,878 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2021	\$143,187
2022	143,188
2023	141,209
2024	139,573
2025	193,441
Thereafter	<u>124,037</u>
	<u>\$884,635</u>

Actuarial Assumptions

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

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 2.79% - Standard & 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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females 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	13.2%	0.2%
Fixed income	83.1%	1.0%
Non-US Developed Fixed	<u>3.7%</u>	0.0%
	<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, 2019.

Discount Rate

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2019, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 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, 2020

The following presents the net OPEB liability for June 30, 2019, calculated using current healthcare cost trends as well as what net OPEB liability would be if 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>\$13,559,000</u>	<u>\$13,561,000</u>	<u>\$13,562,000</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 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

	<u>1% Decrease</u> <u>1.79%</u>	<u>Current Discount Rate</u> <u>2.79%</u>	<u>1% Increase</u> <u>3.79%</u>
District's proportionate share of the net OPEB liability	<u>\$15,449,000</u>	<u>\$13,561,000</u>	<u>\$11,996,000</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.

(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, 2019:

Inactive plan members or beneficiaries currently receiving benefits	97
Active plan members	<u>1,521</u>
Total	<u>1,618</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, 2020

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, 2020, estimated benefit payments paid as they came due totaled \$1,267,531.

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** – 3.36% - based on S&P Municipal Bond 20-year high grade rate index at July 1, 2019.
- **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.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

- **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 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. 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, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The total OPEB liability is \$26,053,144, all of which is unfunded. As of June 30, 2020, the OPEB liability of \$26,053,144 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, 2020 was as follows:

Balances as of July 1, 2018	<u>\$27,994,552</u>
Changes for the year	
Service cost	2,424,716
Interest on total OPEB liability	885,521
Differences between expected and actual experience	(3,182,164)
Changes in assumptions	(770,234)
Benefit payments	<u>(1,299,247)</u>
Net changes	<u>(1,941,408)</u>
Balances as of July 1, 2019	<u>\$26,053,144</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, 2020

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$23,023,879</u>	<u>\$26,053,144</u>	<u>\$29,668,318</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 3.36%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (2.36%) or 1 percentage point higher (4.36%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>2.36%</u>	<u>3.36%</u>	<u>4.36%</u>
OPEB liability	<u>\$28,118,526</u>	<u>\$26,053,144</u>	<u>\$24,115,679</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,831,186. At June 30, 2020, 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	\$ 593,042	\$ 721,645
Difference between expected and actual experience	-	6,147,214
Contributions subsequent to the measurement date	<u>1,267,531</u>	<u>-</u>
	<u>\$1,860,573</u>	<u>\$6,868,869</u>

\$1,267,531 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. 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:

2021	\$ (479,051)
2022	(479,051)
2023	(479,051)
2024	(479,051)
2025	(479,051)
Thereafter	<u>(3,880,562)</u>
	<u>\$ (6,275,817)</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, 2020. 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, 2020

Change in Aggregate Claim Liabilities

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Claims liability - beginning of year	\$ 2,085,631	\$ 1,133,138
Current year claims and changes in estimates	22,768,022	23,584,347
Claim payments by the District	<u>(23,273,000)</u>	<u>(22,631,854)</u>
Claims liability - end of year	<u>\$ 1,580,653</u>	<u>\$ 2,085,631</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, 2020, 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 Amounts</u>	<u>Completed Through June 30, 2020</u>	<u>Remaining Commitments</u>
Capital improvement projects	<u>\$76,812,411</u>	<u>\$61,598,581</u>	<u>\$15,213,830</u>

As of June 30, 2020, the District has incurred costs totaling \$8,051,530 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 2019-2020 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, 2020

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2020, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in the financial statements.

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SCHOOL DISTRICT OF LANCASTER REQUIRED SUPPLEMENTAL



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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

	Measurement Date					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.6376%	0.6119%	0.6051%	0.5904%	0.5797%	0.5844%
District's proportionate share of the net pension liability	\$298,286,000	\$293,742,000	\$298,849,000	\$292,584,000	\$251,099,000	\$231,310,000
District's covered payroll	\$ 87,934,987	\$ 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 payroll	339%	356%	371%	383%	337%	310%
Plan fiduciary net position as a percentage of the total pension liability	56%	54%	52%	50%	54%	57%

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$30,219,612	\$28,544,895	\$25,878,817	\$23,280,520	\$18,713,679	\$14,850,811
Contributions in relation to the contractually required contribution	<u>\$30,219,612</u>	<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 payroll	\$90,342,637	\$87,934,987	\$82,401,570	\$80,568,875	\$76,457,379	\$74,589,510
Contributions as a percentage of covered payroll	33%	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		
	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 2,424,716	\$ 2,275,906	\$ 2,218,401
Interest on total OPEB liability	885,521	868,240	734,756
Differences between expected and actual experience	(3,182,164)	-	(3,971,492)
Changes of assumptions	(770,234)	(3,184)	741,302
Benefit payments	<u>(1,299,247)</u>	<u>(1,330,563)</u>	<u>(1,808,176)</u>
Net change in total OPEB liability	(1,941,408)	1,810,399	(2,085,209)
Total OPEB liability, beginning	<u>27,994,552</u>	<u>26,184,153</u>	<u>28,269,362</u>
Total OPEB liability, ending	<u>\$26,053,144</u>	<u>\$27,994,552</u>	<u>\$26,184,153</u>
Covered-employee payroll	\$87,568,691	\$82,657,256	\$82,657,256
Net OPEB liability as a % of covered employee payroll	29.75%	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

	Measurement Date			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.6376%	0.6119%	0.6051%	0.5904%
District's proportionate share of the net OPEB liability	\$ 13,561,000	\$ 12,758,000	\$ 12,328,000	\$ 12,717,000
District's covered payroll	\$ 87,934,987	\$ 82,401,570	\$ 80,568,875	\$ 76,457,379
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15%	15%	15%	17%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 758,878	\$ 726,757	\$ 676,730	\$ 661,741
Contributions in relation to the contractually required contribution	<u>\$ 758,878</u>	<u>\$ 726,757</u>	<u>\$ 676,730</u>	<u>\$ 661,741</u>
Contribution deficiency (excess)	-	-	-	-
District's covered payroll	\$90,342,619	\$87,934,987	\$82,401,570	\$80,568,875
Contributions as a percentage of covered payroll	1%	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.

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SCHOOL DISTRICT OF LANCASTER SUPPLEMENTARY INFORMATION



Renovated Media Center
at Lincoln Middle School

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SCHOOL DISTRICT OF LANCASTER

COMBINING BALANCE SHEET SCHEDULE - CAPITAL PROJECT FUNDS

June 30, 2020

	<u>Capital Reserve</u>	<u>Construction Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 13,276,453	\$ 11,458,313	\$ 24,734,766
Other receivables	<u>-</u>	<u>1,244</u>	<u>1,244</u>
Total assets	<u>\$ 13,276,453</u>	<u>\$ 11,459,557</u>	<u>\$ 24,736,010</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 54,348	\$ 2,328,800	\$ 2,383,148
Accounts payable	<u>-</u>	<u>4,524,350</u>	<u>4,524,350</u>
Total liabilities	54,348	6,853,150	6,907,498
 FUND BALANCES			
Restricted for other capital projects	<u>13,222,105</u>	<u>4,606,407</u>	<u>17,828,512</u>
Total liabilities and fund balances	<u>\$ 13,276,453</u>	<u>\$ 11,459,557</u>	<u>\$ 24,736,010</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

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

Year ended June 30, 2020

	<u>Capital Reserve</u>	<u>Construction Fund</u>	<u>Total</u>
REVENUES			
Local sources	\$ 180,157	\$ 219,958	\$ 400,115
EXPENDITURES			
Capital outlay	-	24,610,855	24,610,855
Bond issuance costs	-	487,925	487,925
Total expenditures	<u>-</u>	<u>25,098,780</u>	<u>25,098,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>180,157</u>	<u>(24,878,822)</u>	<u>(24,698,665)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	21,370,000	21,370,000
Issuance of refunding debt	-	17,280,000	17,280,000
Premium on issuance of debt	-	5,304,252	5,304,252
Payment to refunded debt escrow agent	-	(18,466,327)	(18,466,327)
Total other financing sources (uses)	<u>-</u>	<u>25,487,925</u>	<u>25,487,925</u>
NET CHANGE IN FUND BALANCES	180,157	609,103	789,260
FUND BALANCES			
Beginning of year	<u>13,041,948</u>	<u>3,997,304</u>	<u>17,039,252</u>
End of year	<u>\$ 13,222,105</u>	<u>\$ 4,606,407</u>	<u>\$ 17,828,512</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2020

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Homeless Fund</u>	<u>Student Activities Fund</u>	
ASSETS			
Cash and cash equivalents	<u>\$51,241</u>	<u>\$175,634</u>	<u>\$226,875</u>
Total assets	<u>51,241</u>	<u>175,634</u>	<u>226,875</u>
LIABILITIES			
Other current liabilities	<u>32,337</u>	<u>68,171</u>	<u>100,508</u>
Total liabilities	<u>32,337</u>	<u>68,171</u>	<u>100,508</u>
NET POSITION			
Restricted for homeless activities	18,904	-	18,904
Restricted for student activities	<u>-</u>	<u>107,463</u>	<u>107,463</u>
Total net position	<u>\$18,904</u>	<u>\$107,463</u>	<u>\$126,367</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2020

	<u>Custodial Funds</u>		
	<u>Homeless Fund</u>	<u>Student Activities Fund</u>	<u>Total</u>
ADDITIONS			
Local contributions	<u>\$20,073</u>	<u>\$ 78,682</u>	<u>\$ 98,755</u>
DEDUCTIONS			
Homeless expenses	-	-	-
Student activity expenses	<u>-</u>	<u>68,596</u>	<u>68,596</u>
Total deductions	<u>-</u>	<u>68,596</u>	<u>68,596</u>
CHANGE IN NET POSITION	20,073	10,086	30,159
NET POSITION			
Beginning of year	<u>(1,169)</u>	<u>97,377</u>	<u>96,208</u>
End of year	<u>\$18,904</u>	<u>\$107,463</u>	<u>\$126,367</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER STATISTICAL SECTION



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SCHOOL DISTRICT OF LANCASTER

STATISTICAL SECTION

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 84-88)

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 89-92)

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 93-96)

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 97-99)

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

Operating Information – (Pages 100-113)

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
- Student Information
- 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>2020</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>
Governmental activities										
Net investment in capital assets	\$ 26,460,432	\$ 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
Restricted for debt service and capital projects	28,217,492	23,248,117	18,747,450	11,580,449	1,729,365	839,828	25,148	14,150	5,587	-
Unrestricted (deficit)	<u>(269,079,338)</u>	<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>
Total governmental activities net position	<u>\$ (214,401,414)</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 352,154	\$ 435,573	\$ 474,007	\$ 455,414	\$ 479,391	\$ 466,576	\$ 389,694	\$ 421,615	\$ 401,616	\$ 287,417
Unrestricted (deficit)	<u>1,163,374</u>	<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>
Total business-type activities net position	<u>\$ 1,515,528</u>	<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>
Primary Government										
Net investment in capital assets	\$ 26,812,586	\$ 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
Restricted	28,217,492	23,248,117	18,747,450	11,580,449	1,729,365	839,828	25,148	14,150	5,587	-
Unrestricted (deficit)	<u>(267,915,964)</u>	<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>
Total primary government	<u>\$ (212,885,886)</u>	<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>

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	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
Instruction	\$ 150,937,605	\$ 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
Instructional student support	29,300,358	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
Administrative and financial support services	23,152,269	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
Operation and maintenance of plant services	15,429,862	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
Pupil transportation	5,946,527	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
Student activities	1,874,008	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
Community services	563,350	521,462	631,102	565,494	562,794	478,937	475,841	481,038	545,084	682,645
Interest on long-term debt	7,814,218	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
Total governmental activities	<u>235,018,197</u>	<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>
Business-type activities										
Food service	6,791,769	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
Total primary government expenses	<u>\$ 241,809,966</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
Instruction	\$ 2,466,472	\$ 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
Non-instructional	71,329	87,633	97,720	100,160	684,399	652,548	727,547	713,360	522,878	186,287
Operating grants and contributions	71,246,601	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
Capital grants and contributions	-	-	-	-	-	-	-	-	2,479	118,710
Total governmental activities	<u>73,784,402</u>	<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>
Business-type activities										
Food Service	548,959	658,249	667,086	604,724	705,272	622,352	683,422	697,044	643,274	675,962
Operating grants and contributions	6,318,981	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
Total business-type activities	<u>6,867,940</u>	<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>
Total primary government program revenues	<u>\$ 80,652,342</u>	<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>

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	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (expense) revenue										
Governmental activities	\$(161,233,795)	\$(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)
Business-type activities	76,171	1,122,330	1,238,902	610,295	775,229	581,967	123,304	273,952	244,300	384,739
Total primary government net expense	\$(161,157,624)	\$(158,661,447)	\$(151,442,678)	\$(142,834,158)	\$(137,106,465)	\$(132,195,417)	\$(128,294,239)	\$(121,675,669)	\$(113,838,533)	\$(99,083,687)
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 75,685,783	\$ 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
Taxes levied for specific purpose	9,764,661	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
Unrestricted grants	68,746,765	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
Investment earnings	3,018,134	2,749,234	846,332	306,157	277,321	107,470	121,699	164,913	310,683	538,152
Miscellaneous income	1,257,118	1,131,486	1,393,722	1,187,925	693,653	671,824	467,766	405,761	615,723	587,186
Transfers	269,712	291,283	437,050	211,285	182,335	201,308	178,420	-	-	152,500
Total governmental activities	158,742,173	155,326,831	149,888,454	143,028,806	139,343,746	134,440,313	131,292,693	126,663,429	121,713,610	111,228,053
Business-type activities										
Investment earnings	2,830	3,944	2,389	1,846	2,374	1,548	1,413	967	110	770
Transfers	(269,712)	(291,283)	(437,050)	(211,285)	(182,335)	(201,308)	(178,420)	-	-	(152,500)
Total business-type activities	(266,882)	(287,339)	(434,661)	(209,439)	(179,961)	(199,760)	(177,007)	967	110	(151,730)
Total primary government	\$ 158,475,291	\$ 155,039,492	\$ 149,453,793	\$ 142,819,367	\$ 139,163,785	\$ 134,240,553	\$ 131,115,686	\$ 126,664,396	\$ 121,713,720	\$ 111,076,323
Change in net position										
Governmental activities	\$ (2,491,622)	\$ (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
Business-type activities	(190,711)	834,991	804,241	400,856	595,268	382,207	(53,703)	274,919	244,410	233,009
Total primary government	\$(2,682,333)	\$(3,621,955)	\$(1,988,885)	\$(14,791)	\$ 2,057,320	\$ 2,045,136	\$ 2,821,447	\$ 4,988,727	\$ 7,875,187	\$ 11,992,636

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									
	<u>2020</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>
General Fund										
Nonspendable										
Inventory	\$ 301,029	\$ 200,150	\$ 188,023	\$ 203,164	\$ 245,180	\$ 150,188	\$ 157,035	\$ 220,991	\$ 309,379	\$ 394,377
Prepaid items	97,509	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	1,000,000	-	-	-	-	-	-	-
Technology projects	2,500,000	2,500,000	2,500,000	-	-	-	-	-	-	-
Assigned to										
Student athletics	198,215	138,476	138,476	1,373,801	44,582	393,376	289,135	668,454	330,242	157,716
Repairs and maintenance contingency	2,750,000	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	24,140,245	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
Total general fund	\$ 30,986,998	\$ 30,365,023	\$ 29,102,425	\$ 29,466,871	\$ 28,458,354	\$ 25,627,141	\$ 21,750,935	\$ 22,426,297	\$ 20,640,932	\$ 14,394,900
All other governmental funds										
Nonspendable										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,156	\$ 8,156	\$ 8,156	\$ -
Restricted for										
Debt service	14,995,387	10,206,169	5,981,367	2,928,016	1,135,058	35,945	25,148	14,150	5,587	-
Capital projects funds	17,828,512	17,039,252	27,762,144	30,459,799	594,307	803,883	-	13,417,238	46,245,498	37,968,095
Assigned to										
Other capital projects	-	-	-	-	-	-	769,419	1,353,643	1,576,752	1,886,142
Total all other governmental funds	\$ 32,823,899	\$ 27,245,421	\$ 33,743,511	\$ 33,387,815	\$ 1,729,365	\$ 839,828	\$ 802,723	\$ 14,793,187	\$ 47,835,993	\$ 39,854,237
Total governmental fund balances	\$ 63,810,897	\$ 57,610,444	\$ 62,845,936	\$ 62,854,686	\$ 30,187,719	\$ 26,466,969	\$ 22,553,658	\$ 37,219,484	\$ 68,476,925	\$ 54,249,137

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Local sources	\$ 91,842,060	\$ 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
State sources	118,827,474	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
Federal sources	20,724,878	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
Total revenues	<u>231,394,412</u>	<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>
Expenditures										
Current										
Instruction	139,522,870	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
Support services	70,992,428	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
Operation of noninstructional services	2,362,224	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
Facilities acquisition, construction and improvement services	2,239,373	1,299,709	1,938,088	488,340	-	-	-	-	-	-
Capital outlay	24,610,855	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
Debt service:										
Principal	8,688,865	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
Interest	8,070,515	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
Bond issuance costs	487,925	305,099	-	750,371	-	103,500	110,873	-	614,127	-
Total expenditures	<u>256,975,055</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,580,643)</u>	<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>
Other financing sources (uses)										
Issuance of refunding debt	17,280,000	-	-	41,775,000	-	9,875,000	7,725,000	-	7,750,000	-
Payments to refunded bond escrow agent	(18,466,327)	-	-	(46,296,688)	-	(9,771,500)	(7,745,370)	-	(7,910,100)	-
Issuance of debt	27,393,459	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
Premium on bonds issued	5,304,252	718,973	-	8,523,851	-	-	131,243	-	295,557	-
Discount on issuance of debt	-	-	-	-	-	-	-	-	-	(537,182)
Transfers in	3,369,550	3,463,732	7,640,729	10,086,343	1,403,348	628,759	198,197	10,000	8,823	1,890,703
Transfers out	(3,099,838)	(3,172,449)	(7,203,679)	(7,875,058)	(1,221,013)	(427,451)	(19,777)	(10,000)	(8,823)	(1,738,203)
Total other financing sources (uses)	<u>31,781,096</u>	<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>
Net change in fund balances	<u>\$ 6,200,453</u>	<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>
Debt service as a percentage of noncapital expenditures	7%	7%	7%	8%	8%	9%	10%	11%	11%	8%

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>
2020	\$2,411,007,800	\$2,325,871,600	\$1,111,813,400	\$3,625,066,000	21.8734	\$3,625,066,000	100.00%
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%

(\$)

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,

<u>Fiscal Year</u>	<u>Direct Rates</u>	<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Rates</u>
	<u>School District</u>	<u>County</u>	<u>City of Lancaster</u>	<u>Lancaster Township</u>	
2020	21.8734	2.911	11.700	0.910	37.3944
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

Source: District and Municipality records

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL TAXPAYERS - UNAUDITED

Current Year and Nine Years Ago

	2020			Taxpayer	2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Taxpayer							
Park City Center Business Trust	\$168,040,300	1	4.64%	Park City Center Business Trust	\$134,641,400	1	3.71%
Kensington Club of PA LLC	23,806,900	2	0.66%	Pax Mall Realty Co. LP	26,342,700	2	0.73%
Urban Place LP	23,012,600	3	0.63%	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%
Hawthorne Gardens LP	11,531,900	7	0.32%	S & P Real Estate Co. LP	11,419,400	7	0.32%
LSC Communications US LLC	11,367,900	8	0.31%	EDC Finance Corp.	9,240,000	8	0.25%
Lancaster General Hospital	10,675,500	9	0.29%	Burle Business Park LP	8,500,000	9	0.23%
Regency 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>8.33%</u>	Total	<u>\$274,589,700</u>		<u>7.57%</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⁽²⁾</u>		<u>Collections in Subsequent Tax Levy Year⁽²⁾</u>	<u>Total Collections to Date</u>	
				<u>Amount⁽¹⁾</u>	<u>Percentage of Net Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2020	\$79,292,519	\$4,987,864	\$74,304,655	\$71,322,211	95.99%	\$1,211,167	\$72,533,378	97.62%
2019	77,113,913	4,987,594	72,126,319	69,468,729	96.32%	2,077,972	71,546,701	99.20%
2018	75,878,191	4,984,431	70,893,760	68,123,782	96.09%	2,769,978	70,893,760	100.00%
2017	74,528,004	5,073,200	69,454,804	66,826,467	96.22%	2,618,576	69,445,043	99.99%
2016	72,871,849	4,985,614	67,886,235	65,010,667	95.76%	2,663,520	67,674,187	99.69%
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%

⁽¹⁾Amount is net of penalties and discounts.

⁽²⁾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⁽¹⁾</u>	<u>Per Capita⁽¹⁾</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Collateralized Borrowing</u>	<u>Totals</u>		
2020	\$173,601,010	\$2,579,834	\$3,501,876	\$179,682,720	0.63%	\$331
2019	154,284,417	1,535,167	3,034,698	158,854,282	0.55%	292
2018	139,468,672	787,345	3,135,400	143,391,417	0.50%	264
2017	144,929,608	669,510	3,516,513	149,115,631	0.56%	275
2016	126,996,350	1,281,463	3,879,832	132,157,645	0.54%	245
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

⁽¹⁾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,

<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⁽¹⁾</u>	<u>Per Capita⁽²⁾</u>
2020	\$173,601,010	\$14,995,387	\$158,605,623	4.38%	292
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%	234
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

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

⁽²⁾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, 2020

<u>Fiscal Year</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct Debt			
2010 QCSB	\$ 30,000,000	100.00%	\$ 30,000,000
GOB Series 2011	510,503	100.00%	510,503
GOB Series 2011 - QSCB	34,789,000	100.00%	34,789,000
GOB Series A of 2016	22,761,461	100.00%	22,761,461
GOB Series B of 2016	21,495,838	100.00%	21,495,838
GOB Series 2018	10,038,473	100.00%	10,038,473
GOB Series 2019	10,585,914	100.00%	10,585,914
GOB Series A of 2019	24,114,780	100.00%	24,114,780
GOB Series B of 2019	19,305,041	100.00%	19,305,041
2019 Capital Lease	582,417	100.00%	582,417
2020 Capital Lease	1,997,417	100.00%	1,997,417
Collateral Borrowing	<u>3,501,876</u>	100.00%	<u>3,501,876</u>
Total direct debt	<u>179,682,720</u>		<u>179,682,720</u>
Overlapping debt⁽¹⁾			
Lancaster County ⁽²⁾	161,175,000	1.36%	2,194,863
City of Lancaster	72,144,200	100.00%	72,144,200
Lancaster Township	<u>-</u>	100.00%	<u>-</u>
Total overlapping debt	<u>233,319,200</u>		<u>74,339,063</u>
Total direct and overlapping debt	<u>\$413,001,920</u>		<u>\$254,021,783</u>

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

⁽²⁾ 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>2020</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>
Debt limit	\$488,459	\$486,168	\$463,052	\$442,523	\$417,970	\$404,687	\$388,962	\$379,455	\$367,110	\$358,247
Total net debt applicable to limit	<u>173,601</u>	<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>
Legal debt margin	<u>\$314,858</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	35.54%	31.73%	30.12%	32.75%	30.38%	32.97%	36.31%	39.18%	42.77%	36.40%
Borrowing base revenues										
2020	\$224,329									
2019	216,625									
2018	<u>210,324</u>									
Total revenues ⁽¹⁾	<u>\$651,278</u>									
Average borrowing base (total revenues divided by 3)	\$217,093									
Debt limit percentage ⁽²⁾	<u>225%</u>									
Debt limit	488,459									
Outstanding Debt	<u>173,601</u>									
Legal debt margin	<u>\$314,858</u>									

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

⁽²⁾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>2020 Calendar Year</u>			<u>2011 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	9,260	1	42.74%	7,066		30.00%
Giant Food Stores	**	2	N/A	*		N/A
Nordstrom Inc.	1,523	3	7.03%	*		N/A
Dart Container Corporation	1,935	4	8.93%	1,510		6.41%
County of Lancaster	1,861	5	8.59%	2,008		8.53%
Masonic Villages	1,797	6	8.29%	1,476		6.27%
School District of Lancaster	1,662	7	7.67%	1,645		6.98%
Eurofin Lancaster Laboratories Inc.	2,299	8	10.61%	*		N/A
LSC Communications (formerly RR Donnelley)	**	9	N/A	2,740		11.63%
Lancaster Lebanon Intermediate Unit 13	1,331	10	6.14%	*		N/A
Ephrata Community Hospital Inc.	*		N/A	2,093		8.89%
Cox Automotive Corporate Services (formerly Manheim Auto Auction)	*		N/A	2,026		8.60%
Armstrong World Industries Inc.	*		N/A	1,549		6.58%
Turkey Hill	*		N/A	1,440		6.11%
Total	<u>21,668</u>		<u>100.00%</u>	<u>23,553</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,

<u>Fiscal Year</u>	<u>Population of County⁽¹⁾</u>	<u>Personal Income (Expressed in Thousands)⁽²⁾</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate - County⁽³⁾</u>	<u>School Enrollment</u>
2020	543,557	\$ 28,625,770	\$52,664	11.20%	10,874
2019	543,557	28,625,770	52,664	3.80%	11,068
2018	543,557	28,625,770	52,664	3.60%	11,195
2017	542,903	26,714,515	49,207	4.10%	11,315
2016	538,500	24,684,347	45,839	4.40%	11,136
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

Note: We have used 2018 personal income and population information for both 2019 and 2020 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>2020</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>
Instruction	Certified	653.00	652.00	650.00	647.00	645.00	641.00	636.00	591.00	580.00	664.00
	Support	123.00	132.00	126.00	126.00	126.00	119.00	118.00	118.00	118.00	118.00
Special Programs	Certified	187.00	180.00	178.00	176.00	176.00	166.00	163.00	162.00	159.00	182.00
	Support	164.00	156.00	150.00	150.00	150.00	141.00	145.00	167.00	170.00	166.00
Vocational	Certified	10.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00	11.00
Other Instructional	Certified	3.00	3.00	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	23.00	22.00	22.00	20.00	21.00	20.00	20.00	20.00	22.00
	Support	21.00	21.00	21.00	21.00	20.00	20.00	24.00	23.00	24.00	23.00
Student Support	Certified	53.00	52.00	52.00	52.00	54.00	54.00	53.00	52.00	51.00	59.00
	Support	13.00	14.00	11.00	11.00	10.00	10.00	12.00	12.00	12.00	12.00
	Administrative	42.00	46.00	41.00	41.00	28.00	21.00	21.00	21.00	21.00	21.00
Instructional Support	Certified	45.00	34.00	33.00	31.00	31.00	31.00	30.00	30.00	29.00	34.00
	Support	17.00	17.00	16.00	16.00	15.00	15.00	18.00	18.00	18.00	18.00
	Administrative	20.00	21.00	19.00	19.00	17.00	16.00	14.00	14.00	15.00	15.00
Administrative	Support	43.00	44.00	44.00	44.00	42.00	41.00	49.00	49.00	50.00	49.00
	Administrative	57.00	56.00	51.00	51.00	48.00	48.00	44.00	44.00	43.00	41.00
Pupil Health	Certified	11.00	11.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	12.00
	Support	24.00	24.00	24.00	24.00	23.00	23.00	27.00	27.00	27.00	27.00
	Administrative	1.00	1.00	-	-	-	-	-	-	-	-
Business Services	Support	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
	Administrative	11.00	11.00	11.00	11.00	10.00	9.00	8.00	8.00	9.00	9.00
Operation & Maintenance Services	Support	16.00	15.00	15.00	14.00	14.00	101.00	101.00	101.00	101.00	101.00
	Administrative	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Transportation	Support	7.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00
	Administrative	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00
Central Support	Support	9.00	9.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00
	Administrative	28.00	31.00	27.00	27.00	24.00	22.00	20.00	20.00	21.00	22.00
Food Services	Support	72.00	72.00	69.00	69.00	69.00	65.00	65.00	65.00	65.00	65.00
	Administrative	5.00	5.00	5.00	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	2.00
Total Staff		<u>1,672.00</u>	<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>

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>2020</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>
Regular programs	\$ 89,552	\$ 86,559	\$ 84,058	\$ 81,166	\$ 77,387	\$ 75,851	\$ 72,662	\$ 68,870	\$ 64,305	\$ 68,033
	38.11%	38.34%	38.10%	38.24%	40.17%	40.18%	39.92%	39.38%	39.10%	41.60%
Special programs	34,534	32,989	30,477	28,685	26,393	25,539	25,483	24,148	23,760	23,528
	14.70%	14.61%	13.82%	13.51%	13.70%	13.53%	14.00%	13.81%	14.45%	14.39%
Vocational programs	2,025	2,305	2,152	1,772	1,925	2,020	1,877	1,839	2,013	2,214
	0.86%	1.02%	0.98%	0.83%	1.00%	1.07%	1.03%	1.05%	1.22%	1.35%
Other instructional programs	8,024	8,619	8,533	8,383	8,400	8,263	8,175	8,719	7,877	6,192
	3.41%	3.82%	3.87%	3.95%	4.36%	4.38%	4.49%	4.99%	4.79%	3.79%
Nonpublic school programs	39	-	-	-	-	-	-	-	-	-
	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Community College programs	76	81	90	46	38	84	54	61	57	69
	0.03%	0.04%	0.04%	0.02%	0.02%	0.04%	0.03%	0.03%	0.03%	0.04%
Pre-kindergarten programs	5,274	5,145	5,441	5,099	4,455	3,898	3,480	3,443	3,675	3,900
	2.24%	2.28%	2.47%	2.40%	2.31%	2.06%	1.91%	1.97%	2.23%	2.38%
Pupil personnel services	12,397	12,132	11,525	10,405	9,322	7,761	7,340	7,298	6,598	7,029
	5.28%	5.37%	5.22%	4.90%	4.84%	4.11%	4.03%	4.17%	4.01%	4.30%
Instructional staff services	11,961	13,812	11,217	11,050	8,452	7,458	6,678	7,126	6,759	6,602
	5.09%	6.12%	5.08%	5.21%	4.39%	3.95%	3.67%	4.07%	4.11%	4.04%
Administrative services	12,245	12,216	11,316	11,618	10,588	10,117	9,459	8,987	8,568	8,868
	5.21%	5.41%	5.13%	5.47%	5.50%	5.36%	5.20%	5.14%	5.21%	5.42%
Pupil health	2,836	2,599	2,539	2,441	2,483	2,300	2,134	2,034	1,946	1,852
	1.21%	1.15%	1.15%	1.15%	1.29%	1.22%	1.17%	1.16%	1.18%	1.13%
Business services	3,466	3,496	3,241	3,141	3,172	3,227	2,836	2,506	2,492	2,362
	1.48%	1.55%	1.47%	1.48%	1.65%	1.71%	1.56%	1.43%	1.52%	1.44%

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>2020</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>
Operation and maintenance of plant services:	19,210	14,516	14,916	12,496	11,976	11,894	12,881	11,088	10,150	10,949
	8.18%	6.43%	6.76%	5.89%	6.22%	6.30%	7.08%	6.34%	6.17%	6.69%
Student transportation services	5,930	5,626	4,911	4,558	4,317	4,427	4,232	4,095	3,484	2,848
	2.52%	2.49%	2.23%	2.15%	2.24%	2.35%	2.32%	2.34%	2.12%	1.74%
Central support services	5,142	5,418	5,255	4,842	4,252	5,065	4,226	3,190	3,165	3,189
	2.19%	2.40%	2.38%	2.28%	2.21%	2.68%	2.32%	1.82%	1.92%	1.95%
Other support services	45	45	45	45	44	44	43	84	132	111
	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.05%	0.08%	0.07%
Student activities	1,802	2,008	2,092	2,089	1,861	1,813	1,691	1,598	1,653	1,676
	0.77%	0.89%	0.95%	0.98%	0.97%	0.96%	0.93%	0.91%	1.00%	1.02%
Community services	560	519	626	556	651	473	476	496	544	684
	0.24%	0.23%	0.28%	0.26%	0.34%	0.25%	0.26%	0.28%	0.33%	0.42%
Scholarships and awards	-	-	365	283	221	221	228	436		38
	0.00%	0.00%	0.17%	0.13%	0.11%	0.12%	0.13%	0.25%	0.00%	0.02%
Debt service	16,759	14,519	14,602	15,715	15,472	17,907	18,063	18,859	17,281	13,155
	7.13%	6.43%	6.62%	7.40%	8.03%	9.49%	9.92%	10.78%	10.51%	8.04%
Transfers to other funds	3,100	3,172	7,204	7,875	1,221	427	10	10	5	247
	1.32%	1.41%	3.27%	3.71%	0.63%	0.23%	0.01%	0.01%	0.00%	0.15%
Total	\$ 234,976	\$ 225,778	\$ 220,601	\$ 212,266	\$ 192,630	\$ 188,790	\$ 182,025	\$ 174,885	\$ 164,464	\$ 163,546
October 1 pupil count	10,874	11,068	11,195	11,315	11,136	11,256	10,746	10,795	10,457	10,579
Average expenditures per pupil	\$21,609	\$20,399	\$19,705	\$18,760	\$17,298	\$16,772	\$16,939	\$16,201	\$15,728	\$15,460

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>2020</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>
Regular Programs	\$ 8,235 38.11%	\$ 7,821 38.34%	\$ 7,508 38.10%	\$ 7,174 38.24%	\$ 6,949 40.17%	\$ 6,739 40.18%	\$ 6,762 39.92%	\$ 6,380 39.38%	\$ 6,150 39.10%	\$ 6,431 41.60%
Special Programs	3,176 14.70%	2,981 14.61%	2,722 13.82%	2,534 13.51%	2,370 13.70%	2,269 13.53%	2,371 14.00%	2,237 13.81%	2,272 14.45%	2,224 14.39%
Vocational Programs	186 0.86%	208 1.02%	192 0.98%	156 0.83%	173 1.00%	179 1.07%	175 1.03%	170 1.05%	192 1.22%	209 1.35%
Other Instructional Programs	738 3.41%	779 3.82%	762 3.87%	741 3.95%	754 4.36%	734 4.38%	761 4.49%	808 4.99%	753 4.79%	585 3.79%
Nonpublic School Programs	4 0.02%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%
Community College Programs	7 0.03%	7 0.04%	8 0.04%	4 0.02%	3 0.02%	7 0.04%	5 0.03%	6 0.03%	5 0.03%	7 0.04%
Pre-kindergarten Programs	485 2.24%	465 2.28%	486 2.47%	450 2.40%	400 2.31%	346 2.06%	324 1.91%	319 1.97%	351 2.23%	369 2.38%
Pupil Personnel Services	1,140 5.28%	1,096 5.37%	1,029 5.22%	919 4.90%	837 4.84%	690 4.11%	683 4.03%	676 4.17%	631 4.01%	664 4.30%
Instructional Staff Services	1,100 5.09%	1,248 6.12%	1,002 5.08%	977 5.21%	759 4.39%	663 3.95%	621 3.67%	660 4.07%	646 4.11%	624 4.04%
Administrative Services	1,126 5.21%	1,104 5.41%	1,011 5.13%	1,026 5.47%	951 5.50%	899 5.36%	880 5.20%	832 5.14%	819 5.21%	838 5.42%
Pupil Health	261 1.21%	235 1.15%	227 1.15%	216 1.15%	223 1.29%	204 1.22%	199 1.17%	188 1.16%	186 1.18%	175 1.13%
Business Services	319 1.48%	316 1.55%	289 1.47%	278 1.48%	285 1.65%	287 1.71%	264 1.56%	232 1.43%	238 1.52%	223 1.44%

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>2020</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>
Operation and maintenance of plant service:	1,767	1,312	1,332	1,105	1,076	1,057	1,199	1,027	971	1,035
	8.18%	6.43%	6.76%	5.89%	6.22%	6.30%	7.08%	6.34%	6.17%	6.69%
Student Transportation Services	545	508	439	403	387	393	394	379	333	269
	2.52%	2.49%	2.23%	2.15%	2.24%	2.35%	2.32%	2.34%	2.12%	1.74%
Central Support Services	473	490	469	428	382	450	393	295	303	301
	2.19%	2.40%	2.38%	2.28%	2.21%	2.68%	2.32%	1.82%	1.92%	1.95%
Other Support Services	4	4	4	4	3	4	4	8	13	10
	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.05%	0.08%	0.07%
Student Activities	166	181	187	184	168	161	157	148	158	158
	0.77%	0.89%	0.95%	0.98%	0.97%	0.96%	0.93%	0.91%	1.00%	1.02%
Community Services	51	47	56	49	59	42	44	46	52	65
	0.24%	0.23%	0.28%	0.26%	0.34%	0.25%	0.26%	0.28%	0.33%	0.42%
Scholarships and Awards	-	-	33	24	19	20	21	40	-	4
	0.00%	0.00%	0.17%	0.13%	0.11%	0.12%	0.13%	0.25%	0.00%	0.02%
Debt Service	1,541	1,312	1,304	1,388	1,389	1,591	1,681	1,747	1,653	1,244
	7.13%	6.43%	6.62%	7.40%	8.03%	9.49%	9.92%	10.78%	10.51%	8.04%
Transfers to Other Funds	285	287	643	696	109	38	1	1	1	23
	1.32%	1.41%	3.27%	3.71%	0.63%	0.23%	0.01%	0.01%	0.00%	0.15%
Total	\$ 21,609	\$ 20,399	\$ 19,705	\$ 18,760	\$ 17,298	\$ 16,772	\$ 16,939	\$ 16,201	\$ 15,728	\$ 15,460
October 1 Pupil Count	10,874	11,068	11,195	11,315	11,136	11,256	10,746	10,795	10,457	10,579
Average Expenditures Per Pupil	\$ 21,609	\$ 20,399	\$ 19,705	\$ 18,760	\$ 17,298	\$ 16,772	\$ 16,939	\$ 16,201	\$ 15,728	\$ 15,460

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/ Purchase</u>	<u>Additions/ Renovations</u>	<u>Square Footage</u>	<u>Building Capacity</u>	<u>2019-2020 Enrollment</u>	<u>Percentage of Capacity Used*</u>
<u>Elementary Schools</u>						
Buchanan 340 South West End Avenue Lancaster, PA 17602-5080	1929	1955	44,244	425	372	88%
Burrowes 1001 East Orange Street Lancaster, PA 17602-3215	1954	1970, 1988	39,585	370	340	92%
Carter and MacRae 251 South Prince Street Lancaster, PA 17603-5396	1840	1988	142,000	625	401	64%
Fulton 225 West Orange Street Lancaster, PA 17603-3782	1918	2013	75,072	500	396	79%
Hamilton 1300 Wabank Road Lancaster, PA 17603-6849	1964	1989	55,525	350	475	136%
King 466 Rockland Street Lancaster, PA 17602-4212	1966		66,000	645	472	73%
Lafayette 1000 Fremont Street Lancaster, PA 17603-5426	1951	2010	72,000	500	505	101%
Price 615 Fairview Avenue Lancaster, PA 17603-5877	1973		63,116	500	495	99%
Ross 840 North Queen Street Lancaster, PA 17603-2750	1924	2010	38,390	370	300	81%
Washington 545 South Ann Street Lancaster, PA 17602-4551	1934	2010	64,382	600	535	89%
Wharton 705 North Mary Street Lancaster, PA 17603-2889	1895	2010	24,459	340	364	107%
Wickersham 401 North Reservoir Street Lancaster, PA 17602-2447	1929	1953	55,422	450	410	91%
<u>K-8 School</u>						
Martin 2000 Wabank Road Lancaster, PA 17603-6433	1959	2014	88,000	620	735	119%
<u>Middle Schools</u>						
Hand 431 South Ann Street Lancaster, PA 17602-4542	1924	1928, 2013	114,887	498	512	103%

SCHOOL DISTRICT OF LANCASTER

CAPITAL ASSET INFORMATION - UNAUDITED

<u>Building</u>	<u>Original Construction/ Purchase</u>	<u>Additions/ Renovations</u>	<u>Square Footage</u>	<u>Building Capacity</u>	<u>2019-2020 Enrollment</u>	<u>Percentage of Capacity Used*</u>
Lincoln 1001 Lehigh Avenue Lancaster, PA 17602-2450	1962	1986	137,664	520	310	60%
Robert D. Scheffey Building (Lincoln Annex - 6th Grade) 1020 Lehigh Avenue Lancaster, PA 17602-2452	1985	2010	33,828	210	200	95%
Reynolds 605 West Walnut Street Lancaster, PA 17603-3383	1929		96,000	576	487	85%
Wheatland 919 Hamilton Park Drive Lancaster, PA 17603-4914	1955	1961, 1989	92,675	781	574	73%
<u>Alternative Education</u>						
Buehrle Academy 426 East Clay Street Lancaster, PA 17602-2154	1895	2007	18,132	135	50	37%
Phoenix Academy 630 Rockland Street Lancaster, PA 17602-4524	1975	1995	47,227	348	303	87%
<u>Other Education</u>						
Rockland Center 600 Rockland Street Lancaster, PA 17602-4507	2010		37,414	450	75	17%
<u>High School</u>						
J.P. McCaskey 445 North Reservoir Street Lancaster, PA 17602-2447	1939	1974, 1997	308,000	1,745	1,286	74%
McCaskey East 1051 Lehigh Avenue Lancaster, PA 17602-2457	1996		290,000	1,565	1,277	82%
<u>Administration</u>						
Carter and MacRae - 3rd and 4th floors 251 South Prince Street Lancaster, PA 17603-5396	1840	2011	NA	NA	NA	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,

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>Economically Disadvantaged</u>	<u>Percent Economically Disadvantaged</u>
2020	10,874	9,681	89.03%
2019	11,068	10,053	90.83%
2018	11,195	10,117	90.37%
2017	11,315	10,243	90.53%
2016	11,136	9,766	87.70%
2015	11,256	9,872	87.70%
2014	10,746	9,071	84.41%
2013	10,795	9,220	85.41%
2012	10,457	9,044	86.49%
2011	10,579	9,232	87.27%

Source: Food nutrition claim reports, Pims report

SCHOOL DISTRICT OF LANCASTER

STUDENT/TEACHER RATIO - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>Number of Teachers</u>	<u>Ratio of Number of Students to Teacher</u>
2020	10,874	985	11
2019	11,068	966	11
2018	11,195	962	12
2017	11,315	955	12
2016	11,136	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

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>
2020	146	N/A	42	198	372	80	61	81	5	985
2019	139	N/A	47	288	338	74	35	38	7	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

Source: School District of Lancaster, Office of Human Resources

SCHOOL DISTRICT OF LANCASTER

TEACHER SALARY INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Minimum Base Salary⁽¹⁾</u>	<u>Average Base Salary</u>	<u>Maximum Base Salary⁽²⁾</u>
2020	52,014	67,262	90,315
2019	51,027	66,275	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

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,

<u>Fiscal Year</u>	<u>FDIC Insured Institutions</u>	<u>Government Investment Pools</u>	<u>Total</u>
2020	\$18,898,210	\$53,852,940	\$72,751,150
2019	18,224,872	59,259,886	77,484,758
2018	8,518,872	13,065,935	21,584,807
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

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, 2020

Tax rates of the Lancaster County Schools

<u>School District</u>	<u>Total Taxable Assessed Value</u>	<u>Millage</u>
Cocalico	1,911,690,000	18.6935
Columbia Borough	427,506,400	25.8163
Conestoga Valley	3,444,181,800	16.4000
Donegal	1,619,909,700	18.1670
Eastern Lancaster	2,765,847,000	12.3854
Elizabethtown Area	2,187,341,700	16.3711
Ephrata Area	2,472,119,100	16.9500
Hempfield	4,859,154,900	16.0340
Lampeter-Strasburg	2,250,868,600	16.4400
Manheim Central	2,354,616,500	14.3317
Manheim Township	4,401,126,700	15.1138
Octorara (Lancaster County portion)	122,506,600	25.3500
Penn Manor	3,152,571,700	14.3317
Pequea Valley	1,714,718,100	16.4000
Solanco	2,473,343,700	10.4590
Warwick	2,787,307,700	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 Aid Received</u>
2020	\$118,827,474
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
2020-2021 Debt service requirements	17,744,031
Estimated maximum future debt service requirements	17,744,031
Estimated coverage of 2020-2021 debt service requirements	6.6968
Estimated coverage of maximum future debt service requirements	6.6968

Source: School District of Lancaster

SCHOOL DISTRICT OF LANCASTER

ENROLLMENT TRENDS - UNAUDITED

June 30,

<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>
2020	6,309	4,565	10,874	2025	5,819	4,283	10,102
2019	6,464	4,604	11,068	2024	5,899	4,410	10,309
2018	6,562	4,633	11,195	2023	6,068	4,434	10,502
2017	6,691	4,624	11,315	2022	6,118	4,534	10,652
2016	6,660	4,476	11,136	2021	6,246	4,552	10,798
2015	6,073	5,183	11,256				
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, 2020

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2019	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2020	Passed Through to Subrecipients
U.S. Department of Education											
School Climate Transformation Initiative	D	84.184G	N/A	10/01/17-09/30/19	\$ 721,354	\$ 202,117	\$ 202,117	\$ -	\$ -	\$ -	\$ -
School Climate Transformation Initiative	D	84.184G	N/A	10/01/18-09/30/20	732,821	222,863	143,112	589,709	589,709	509,958	-
Total CFDA #84.184G						424,980	345,229	589,709	589,709	509,958	-
Gaining Early Awareness and Readiness for Undergraduate Programs	D	84.334A	N/A	09/26/18-09/25/19	446,517	25,464	25,464	-	-	-	-
Gaining Early Awareness and Readiness for Undergraduate Programs	D	84.334A	N/A	09/26/16-09/25/19	1,199,288	28,758	28,758	-	-	-	-
Total CFDA #84.334						54,222	54,222	-	-	-	-
						479,202	399,451	589,709	589,709	509,958	-
Passed through the PA Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	013-200221	07/01/19-09/30/20	6,297,952	3,359,232	-	5,658,254	5,658,254	2,299,022	-
Title I Grants to Local Educational Agencies	I	84.010	013-190221	07/01/18-09/30/19	6,416,396	2,145,195	812,380	1,332,815	1,332,815	-	-
Title I Grants to Local Educational Agencies	I	84.010	107-180221	07/01/17-09/30/19	140,160	18,688	599	18,089	18,089	-	-
Title I Grants to Local Educational Agencies	I	84.010	107-190221	07/01/18-09/30/19	156,919	-	(52,306)	111,461	111,461	59,155	-
Title I Grants to Local Educational Agencies	I	84.010	107-200221	07/01/19-09/30/20	79,229	26,410	-	-	-	(26,410)	-
Title I Grants to Local Educational Agencies	I	84.010	042-180221	07/01/18-09/30/19	420,995	210,498	183,261	27,237	27,237	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-190221	07/01/19-09/30/20	1,046,432	448,471	-	696,771	696,771	248,300	-
Title I Grants to Local Educational Agencies	I	84.010	152-180221	07/01/18-09/30/19	1,304,624	900,789	319,705	584,568	584,568	3,484	-
Total CFDA #84.010						7,109,283	1,263,639	8,429,195	8,429,195	2,583,551	-
Career and Technical Education - Basic Grants to States	I	84.048	380-200044	07/01/19-06/30/20	220,841	165,631	-	220,841	220,841	55,210	-
Total CFDA #84.048						165,631	-	220,841	220,841	55,210	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100068096	10/01/19-09/30/20	400,000	393,918	-	400,000	400,000	6,082	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100068096A	10/01/18-09/30/19	400,000	7,430	7,430	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100071655	01/06/20-12/31/20	400,000	94,469	-	138,267	138,267	43,798	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100071655A	01/01/19-12/31/19	400,000	275,646	109,798	165,848	165,848	-	-
Total CFDA #84.287						771,463	117,228	704,115	704,115	49,880	-
English Language Acquisition Grants	I	84.365	010-200221	07/01/19-09/30/20	392,842	261,895	-	392,842	392,842	130,947	-
English Language Acquisition Grants	I	84.365	010-190221	07/01/17-09/30/19	428,655	28,577	28,577	-	-	-	-
Total CFDA #84.365						290,472	28,577	392,842	392,842	130,947	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2019</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2020</u>	<u>Passed Through to Subrecipients</u>
<u>Passed through the PA Department of Education (cont'd)</u>											
Improving Teacher Quality State Grants	I	84.367	020-200221	07/01/19-09/30/20	644,713	651,395	-	621,142	621,142	(30,253)	-
Improving Teacher Quality State Grants	I	84.367	020-190221	07/01/18-09/30/19	766,798	51,100	51,100	292	292	292	-
Improving Teacher Quality State Grants	I	84.367	220-200221	11/20/19-09/30/21	25,000	-	-	1,760	1,760	1,760	-
Total CFDA #84.367						702,495	51,100	623,194	623,194	(28,201)	-
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	144-200221	07/01/19-09/30/20	480,228	160,076	-	474,011	474,011	313,935	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-190222	07/01/18-09/30/19	462,421	215,796	288,160	20,120	20,120	92,484	-
Total CFDA #84.424						375,872	288,160	494,131	494,131	406,419	-
PDE Emergency Impact Initiative - Homeless Student Supports	I	84-938C	FC4100084009	09/19/18-07/31/19	76,924	76,924	76,924	-	-	-	-
Total CFDA #84-938C						76,924	76,924	-	-	-	-
Total PA Department of Education						9,492,140	1,565,787	10,864,318	10,864,318	2,937,965	-
<u>Passed through Lancaster-Lebanon Intermediate Unit #13</u>											
Special Education - Preschool Grants	I	84.173	N/A	07/01/19-06/30/20	11,594	-	-	11,594	11,594	11,594	-
Special Education - Preschool Grants	I	84.173	N/A	07/01/18-06/30/19	11,098	11,098	11,098	-	-	-	-
Total CFDA #84.173						11,098	11,098	11,594	11,594	11,594	-
Special Education - Grants to States	I	84.027	N/A	07/01/18-06/30/19	2,234,527	1,599,516	1,599,516	-	-	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/19-06/30/20	2,214,203	664,914	-	2,214,203	2,214,203	1,549,289	-
Special Education - Grants to States	I	84.027	N/A	07/01/19-06/30/20	25,000	-	-	25,000	25,000	25,000	-
Total CFDA #84.027						2,264,430	1,599,516	2,239,203	2,239,203	1,574,289	-
Total Lancaster-Lebanon Intermediate Unit #13						2,275,528	1,610,614	2,250,797	2,250,797	1,585,883	-
<u>Passed through the Berks County Intermediate Unit #14</u>											
Education for Homeless Children and Youth	I	84.196A	N/A	N/A	30,378	-	(26,393)	26,393	26,393	-	-
Total Berks County Intermediate Unit #14						-	(26,393)	26,393	26,393	-	-
<u>Passed through the County of Lancaster</u>											
COVID-19 Relief Fund	I	21-019	N/A	03/01/20-12/30/20	376,173	-	-	196,688	196,688	196,688	-
Total County of Lancaster						-	-	196,688	196,688	196,688	-
Total U.S. Department of Education						12,246,870	3,549,459	13,927,905	13,927,905	5,230,494	-

<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, 2019</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2020</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Health and Social Services</u>											
<u>Passed through the PA Department of Education</u>											
Temporary Assistance for Needy Families	I	93.558	FC4100081176	07/01/19-06/30/20	226,416	108,097	-	226,415	226,415	118,318	-
Temporary Assistance for Needy Families	I	93.558	FC4100081176	10/01/18-06/30/19	247,725	133,297	133,297	-	-	-	-
Total CFDA #93.558						241,394	133,297	226,415	226,415	118,318	-
Temporary Assistance for Needy Families	S	N/A	FC4100081176	07/01/19-06/30/20	10,584	10,584	-	10,584	10,584	-	-
Temporary Assistance for Needy Families	S	N/A	FC4100081176	10/01/18-06/30/19	27,525	14,810	14,810	-	-	-	-
Total State						25,394	14,810	10,584	10,584	-	-
Refugee and Entrant Assistance-Discretionary Grants	I	93.576	FC4100079279	10/01/18-09/30/19	51,553	51,553	6,791	44,762	44,762	-	-
Refugee and Entrant Assistance-Discretionary Grants	I	93.576	FC4100074520	10/01/19-09/30/20	57,135	-	-	12,429	12,429	12,429	-
Total CFDA #93.576						51,553	6,791	57,191	57,191	12,429	-
Total PA Department of Education						318,341	154,898	294,190	294,190	130,747	-
<u>Passed through Lancaster County Workforce Investment Board</u>											
Temporary Assistance for Needy Families	I	93.558	18-TANF-01	07/01/18-06/30/19	250,000	114,620	114,430	190	190	-	-
Total passed through Lancaster County Workforce Investment Board						114,620	114,430	190	190	-	-
<u>Passed through PA Department of Public Welfare</u>											
Medical Assistance Program	I	93.778	N/A	07/01/08-06/30/19	N/A	98,540	81,503	110,093	110,093	93,056	-
Total passed through PA Department of Public Welfare						98,540	81,503	110,093	110,093	93,056	-
Total U.S. Department of Health and Social Services						531,501	350,831	404,473	404,473	223,803	-
<u>U.S. Department of Homeland Security</u>											
<u>Passed through PA Emergency Management Agency</u>											
COVID-19 Disaster Grant - Public Assistance	I	97.036	N/A	01/20/20-12/31/21	N/A	-	-	563,219	563,219	563,219	-
Total passed through PA Emergency Management Agency						-	-	563,219	563,219	563,219	-
Total U.S. Department of Homeland Security						-	-	563,219	563,219	563,219	-
<u>U.S. Department of Agriculture</u>											
National School Lunch Program	D	10.555	N/A	07/01/19-06/30/20	N/A	395,023	-	530,062	530,062	135,039	-
National School Lunch Program	D	10.555	N/A	07/01/18-06/30/19	N/A	131,097	131,097	-	-	-	-
						526,120	131,097	530,062	530,062	135,039	-
<u>Passed through the PA Department of Education</u>											
National School Lunch Program	I	10.555	N/A	07/01/18-06/30/19	N/A	148,509	148,509	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	3,797,564	-	3,880,213	3,880,213	82,649	-
Total CFDA #10.555						3,946,073	148,509	3,880,213	3,880,213	82,649	-
School Breakfast Program	I	10.553	N/A	07/01/18-06/30/19	N/A	47,651	47,651	-	-	-	-
School Breakfast Program	I	10.555	N/A	07/01/19-06/30/20	N/A	134,627	-	134,627	134,627	-	-
School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	995,381	-	1,047,332	1,047,332	51,951	-
Total CFDA #10.553						1,177,659	47,651	1,181,959	1,181,959	51,951	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2019</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2020</u>	<u>Passed Through to Subrecipients</u>
Passed through the PA Department of Education (cont'd)											
National School Fresh Fruits & Vegetable Lunch Program	I	10.582	N/A	07/01/18-06/30/19	124,450	991	991	-	-	-	-
National School Fresh Fruits & Vegetable Lunch Program	I	10.582	N/A	07/01/19-06/30/20	120,360	61,302	-	61,302	61,302	-	-
Total CFDA #10.582						62,293	991	61,302	61,302	-	-
School Breakfast Program	S	N/A	N/A	07/01/18-06/30/19	N/A	2,227	2,227	-	-	-	-
School Breakfast Program	S	N/A	N/A	07/01/19-06/30/20	N/A	51,364	-	53,725	53,725	2,361	-
National School Lunch Program	S	N/A	N/A	07/01/18-06/30/19	N/A	5,844	5,844	-	-	-	-
National School Lunch Program	S	N/A	N/A	07/01/19-06/30/20	N/A	146,858	-	150,063	150,063	3,205	-
Total State						206,293	8,071	203,788	203,788	5,566	-
Total PA Department of Education						5,392,318	205,222	5,327,262	5,327,262	140,166	-
Total U.S. Department of Agriculture						5,918,438	336,319	5,857,324	5,857,324	275,205	-
Total Federal Awards and Certain State Grants						<u>\$ 18,696,809</u>	<u>\$ 4,236,609</u>	<u>\$ 20,752,921</u>	<u>\$ 20,752,921</u>	<u>\$ 6,292,721</u>	<u>\$ -</u>
Total Federal Awards						18,465,122	4,213,728	20,538,549	20,538,549	6,287,155	\$ -
Total State Awards						231,687	22,881	214,372	214,372	5,566	-
Total Federal Awards and Certain State Grants						<u>\$ 18,696,809</u>	<u>\$ 4,236,609</u>	<u>\$ 20,752,921</u>	<u>\$ 20,752,921</u>	<u>\$ 6,292,721</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						<u>\$ 2,275,528</u>	<u>\$ 1,610,614</u>	<u>\$ 2,250,797</u>	<u>\$ 2,250,797</u>	<u>\$ 1,585,883</u>	<u>\$ -</u>
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						<u>\$ 5,649,852</u>	<u>\$ 327,257</u>	<u>\$ 5,592,234</u>	<u>\$ 5,592,234</u>	<u>\$ 269,639</u>	<u>\$ -</u>
GEAR UP Cluster (CFDA's #84.334 and #84.334S)						<u>\$ 54,222</u>	<u>\$ 54,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020

(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, 2020 was \$2,681,125.

(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, 2020 was \$3,024,311.

(5) INDIRECT COSTS

The amount expended includes \$269,712 claimed as an indirect cost recovery using an approved indirect cost rate of 4.10 percent. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHOOL DISTRICT OF LANCASTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2020

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



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

**Board of School Directors
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, 2020, 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 15, 2020.

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 15, 2020**



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

**Board of School Directors
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, 2020. 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, 2020.

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 15, 2020**

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of 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:
 - Child Nutrition Cluster:
 - School Breakfast Program (SBP) – CFDA Number 10.553
 - National School Lunch Program (NSLP) – CFDA Number 10.555
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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